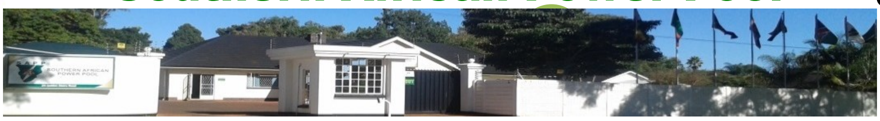

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Participation Levels

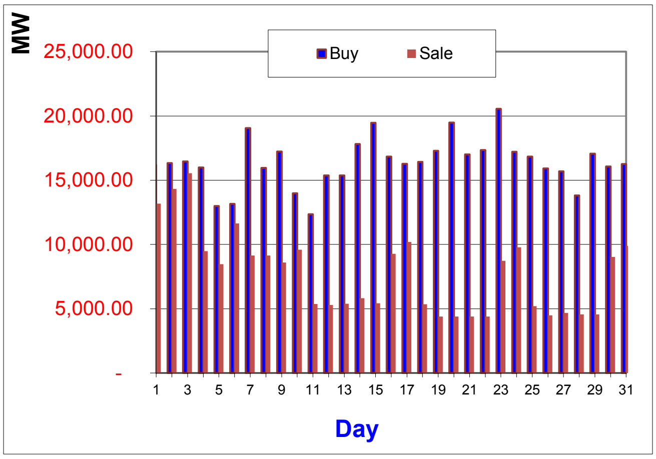
There were nine (9) active portfolios from eight (8) members during the month of January 2016, one portfolio and one participant less when compared to December 2015 records.

Market Liquidity

Trading in the market was lower during the month of January 2016 when compared to December 2015. With regards to bids submitted, there were more buy bids than sale offers received in January 2016 in the day ahead market (DAM) trading platform. A total of 239,769 MWh Sale offers and a total of 507,874 MWh Buy bids were received in January 2016. There was a decrease of 35,970 MWh or 13% in Sale offers received and another decrease of 52,228 MWh or 9% in Buy bids received in January 2016 when compared to December 2015 figures of 275,739 MWh Sale offers and 560,102 MWh Buy bids received.

Below is a summary of buy and sale bids received on the DAM for the month of January 2016.

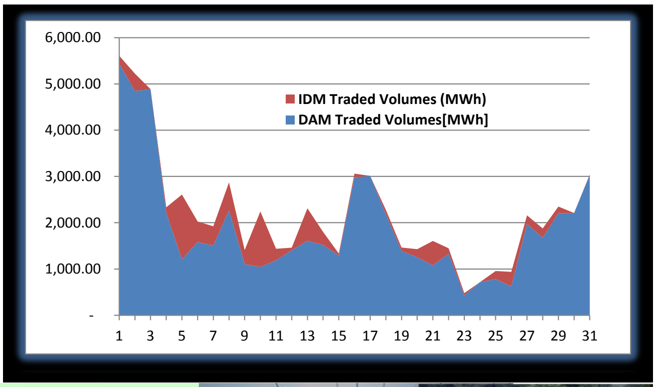
Fig 1.1 Total Buy and Sale Bids Received Daily in January 2016 (MWh).



Total traded volumes on DAM and intra-day market (IDM) was relatively lower in January 2016 at 68,506.70 MWh. Of this, 88% or 59,986.70 MWh was traded on DAM while 8,520.00 MWh or 12% was traded in IDM. IDM decreased by 18,959.80 MWh or 69% in January 2016 when compared to December 2015 where 27,479.80 MWh was traded on IDM. On the other hand DAM traded volume decreased by 38,039.70 MWh or 39% from the 98,026.40 MWh recorded in December 2015.

Below is the trading trend in DAM and IDM for the month of January 2016 and also for 2015/16 financial year.

Fig 1.2 Traded Volumes in MWh in DAM and IDM for the month of January 2016.



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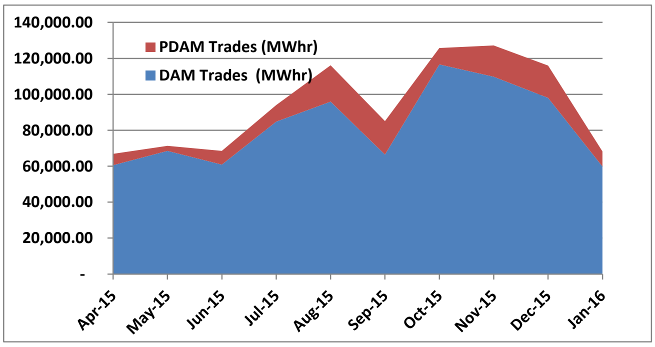
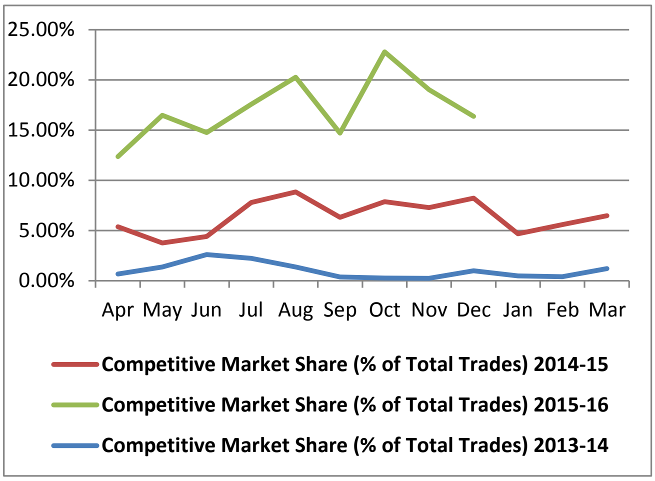


As can be seen from above, there is a gradual decrease in traded volumes on the market from November 2015 through to January 2016. As a result the competitive market share has also been dropping from the 22% recorded in October 2015 to 16% recorded in December 2015.

Below is the trend in competitive market share in 2015/16 when compared to 2013/134 and 2014/15.

Fig 1.3 Competitive Market Share Trend



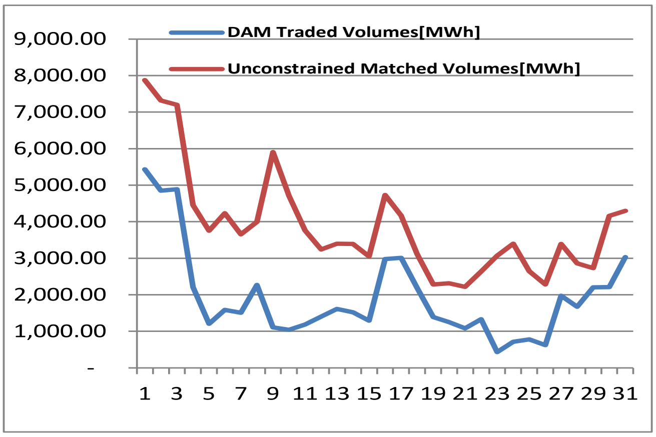
The market share for the competitive market in the months of April 2015 to December 2015 averaged around 17% which is much higher than 1% recorded in 2013/14 and 6% recorded in 2014/15.

There was matching of bids in DAM for 31 days and 723 hours or 97.18% of the time during the month of January 2016. However, due to transmission constraints, trading occurred for 31 days and 712 hours (including IDM) or 95.7% the time. In comparison, matching occurred for 31 days and 629 hours or 84.54% with trading occurring for 31 days and 722 hours or 97% of the time during the month of December 2015.

Impact of Transmission Constraints

Transmission access for the competitive market was constrained in the month of January 2016. As a result of this, out of a total of 120,215MWh that were matched on the DAM trading platform 59,986.70 MWh was able to be traded during the month of January 2016 resulting in 60,228.50MWh or 50% of the matched volume failing to be traded due to transmission constraints mainly on the Zimbabwe to Zambia interconnections. In comparison, December 2015 had a total of 125,506 MWhr that was matched on DAM resulting in 98,026.40 MWh being traded and 27,479.80 MWh or 22% failing to be traded in DAM due to lack of transmission path as DAM trades on mainly on the Zimbabwe to Zambia interconnections.

Fig 1.4 Impact of Transmission Constraints on DAM Trading for the month of January 2016.



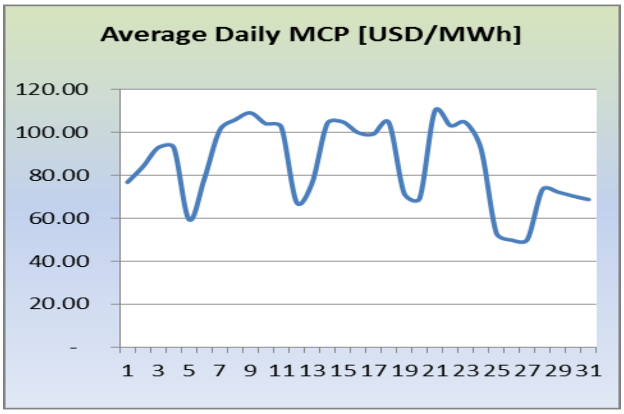
As can be seen from above graph, there is significant differences between matched and traded volumes during the month of January 2016 as a result of increased transmission constraints for the competitive market. There is a general increase in non-firm bilateral contracts that take

most of the path ahead of the competitive markets. During off peak periods there is very limited transmission capacity for the competitive market especially on the ZESA to ZESCO corridor.

Market Clearing Prices

Prices were relatively stable on the competitive market for most of the days during the month of January 2016. The average monthly market clearing price (MCP) was slightly lower during the month of January 2016 at 8.17 USc/KWhr when compared to the 8.55 USc/KWhr recorded in December 2015. Below is a summary of the daily average MCPs for the month of January 2016.

Fig 1.5 Daily Average MCP prices for the Month of January 2016.



Revenue Performances

A total of **USD 5,553,309.94** was exchanged on the DAM and IDM market during the month of January 2016 when compared to a total of **USD 7,375,518.36** exchanged in December 2015. The decrease is mainly attributed to the decrease in traded volumes.