



Promoting a Regional Competitive Electricity Market

June 2016



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Participation Levels

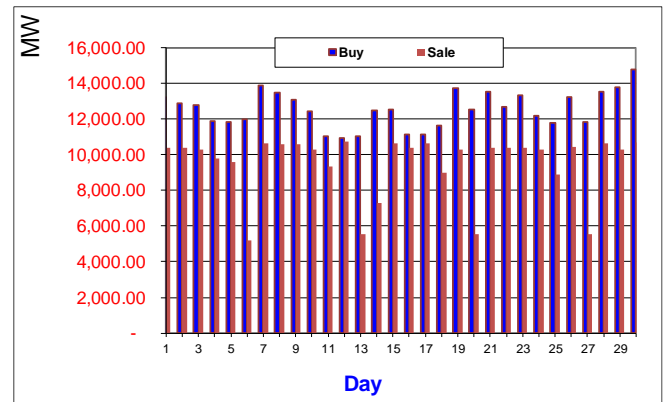
There were eight (8) active portfolios from seven (7) members during the month of June 2016, exactly the same number of portfolios and participants when compared to May 2016 records.

Market Liquidity

Trading in the market was relatively lower during the month of June 2016 when compared to May 2016. With regards to bids submitted, there were more buy bids than sale offers received in June 2016 in the day ahead market (DAM) trading platform. A total of 237,655 MWh Sale offers and 376,508 MWh Buy bids were received in June 2016. There was a significant decrease of 56,492 MWh or 19% in Sale offers received and an increase of 152,105 MWh or 68% in Buy bids received in June 2016 when compared to May 2016 figures of 294,147 MWh Sale offers and 224,403 MWh Buy bids received.

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

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



Total traded volumes on DAM and intra-day market (IDM), Forward Physical Market Monthly (FPM-M) and Forward Physical Market Weekly (FPM-W) was relatively lower in June 2016 at 30,877.50 MWh. Of this, 49% or 15,201 MWh was traded on DAM, FPM-M recorded 23% or 7,218.00 whereas in FPM-W 6,992.50 or 23% where traded while 1,466 MWh or 5% was traded in IDM. IDM increased by 49 MWh or 3% in June 2016 when compared to May 2016 where 1,417 MWh was traded on IDM. On the other hand, DAM traded volume decreased by 129.80 MWh or 1% from the 15,330.80 MWh recorded in May 2016. Similarly, FPM Monthly recorded a slight decrease of 62MWh or 1% in June 2016 when compared to 7,280MWh traded in May 2016. FPM Weekly also recorded the largest decrease in traded volumes with 6,992.50 MWh being traded in June down from 16,510 MWh achieved in May 2016.

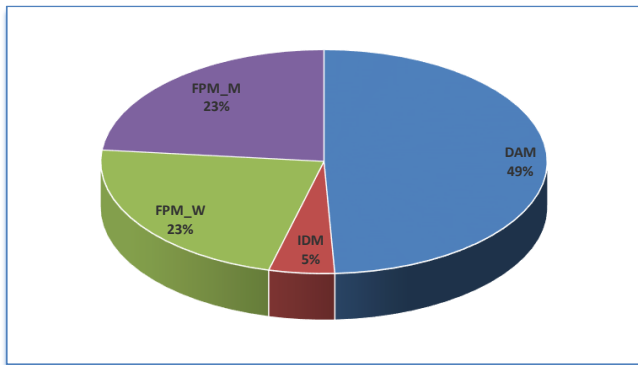
Below is the trading trend in DAM, IDM, FPM-M and FPM-W for the month of June 2016.



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Fig 1.2 Percentage Traded Volumes in DAM, IDM, FPM-W and FPM-M for the month of June 2016.

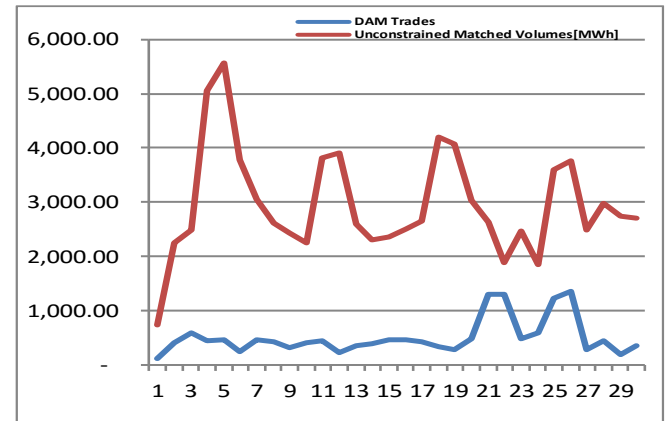


There was matching of bids in DAM for 30 days and 653 hours or 90.69% of the time during the month of June 2016. However, due to transmission constraints, trading occurred for 30 days and 720 hours (including IDM, FPM-M and FPM-W) or 100% the time. In comparison, matching occurred for 31 days and 585 hours or 78.63% with trading occurring for 31 days and 727 hours or 97.72% of the time during the month of May 2016.

Impact of Transmission Constraints

Transmission access for the competitive market was constrained in the month of June 2016. As a result of this, out of a total of 88,762MWh that were matched on the DAM trading platform only 15,201 MWh was able to be traded during the month of June 2016 resulting in 73,561MWh or 83% of the matched volume failing to be traded due to transmission constraints mainly within Zimbabwe. In comparison, May 2016 had a total of 53,164 MWh that was matched on DAM resulting in 15,330.80MWh being traded and 37,833.30MWh or 71% failing to be traded in DAM due to lack of transmission path as DAM trades on mainly on the Zimbabwe system.

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



As can be seen from above graph, there is significant differences between matched and traded volumes during the month of June 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 system.

Market Clearing Prices

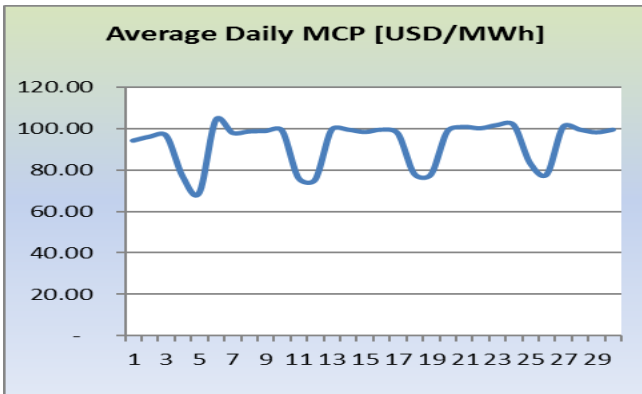
Market clearing prices were relatively stable on the competitive market for most of the days during the month of June 2016. The average monthly market clearing price (MCP) for the DAM was higher during the month of June 2016 at 9.323 USc/KWh when compared to the 7.864 USc/KWh recorded in May 2016. Below is a summary of the daily average DAM MCPs for the month of June 2016.



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



Revenue Performances

A total of **USD 2,554,844.66** was exchanged on the DAM, IDM, FPM-W and FPM-M market during the month of June 2016 when compared to a total of **USD 3,297,992.67** exchanged in May 2016. The decrease is mainly attributed to the decrease in traded volumes.



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