



Promoting a Regional Competitive Electricity Market

March 2016



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Participation Levels

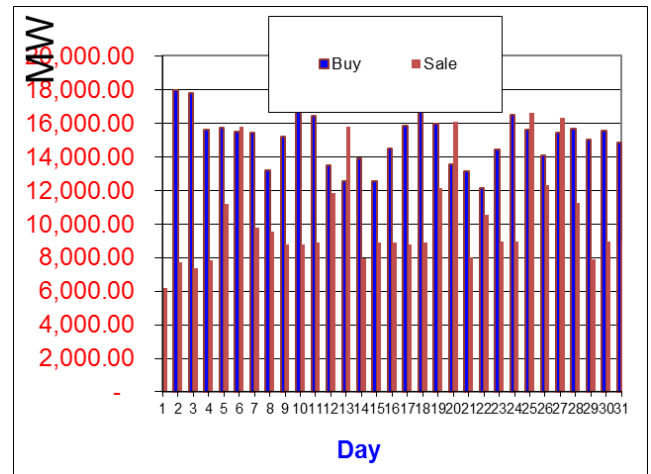
There were eight (8) active portfolios from seven (7) members during the month of March 2016, exactly the same number of portfolios and participants when compared to February 2016 records.

Market Liquidity

Trading in the market was slightly lower during the month of March 2016 when compared to February 2016. With regards to bids submitted, there were more buy bids than sale offers received in March 2016 in the day ahead market (DAM) trading platform. A total of 317,771 MWh Sale offers and a total of 469,325 MWh Buy bids were received in March 2016. There was an increase of 115,535 MWh or 57% in Sale offers received and a decrease of 10,112 MWh or 2% in Buy bids received in March 2016 when compared to February 2016 figures of 202,236 MWh Sale offers and 479,437 MWh Buy bids received.

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

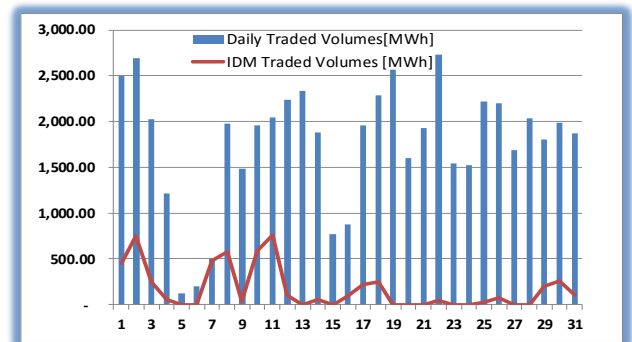
Fig 1.1 Total Buy and Sale Bids Received Daily in March 2016 (MWh).



Total traded volumes on DAM and intra-day market (IDM) was relatively lower in March 2016 at 60,151.80 MWh. Of this, 91% or 54,787.80 MWh was traded on DAM while 5,364.00 MWh or 9% was traded in IDM. IDM decreased by 6,553 MWh or 55% in March 2016 when compared to February 2016 where 11,917.00 MWh was traded on IDM. On the other hand DAM traded volume increased by 6,536.40 MWh or 13.5% from the 48,251.40 MWh recorded in February 2016.

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

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



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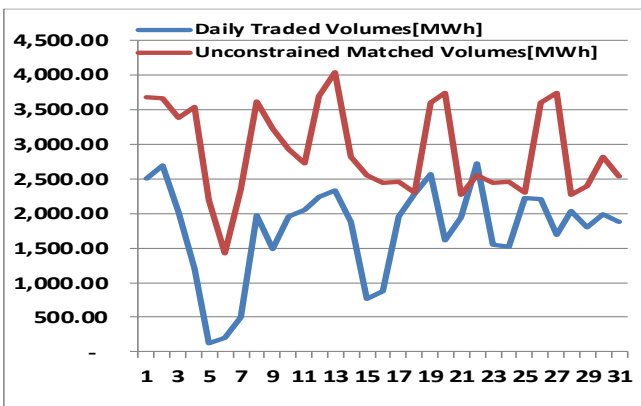


There was matching of bids in DAM for 31 days and 691 hours or 92.88% of the time during the month of March 2016. However, due to transmission constraints, trading occurred for 31 days and 634 hours (including IDM) or 85.2% the time. In comparison, matching occurred for 29 days and 671 hours or 96.41% with trading occurring for 29 days and 666 hours or 95.7% of the time during the month of March 2016.

Impact of Transmission Constraints

Transmission access for the competitive market was constrained in the month of March 2016. As a result of this, out of a total of 89,750MWh that were matched on the DAM trading platform 54,787.80 MWh was able to be traded during the month of March 2016 resulting in 34,962.10MWh or 38.95% of the matched volume failing to be traded due to transmission constraints mainly on the Zimbabwe to Zambia interconnections. In comparison, February 2016 had a total of 113,538 MWh that was matched on DAM resulting in 48,251.40MWh being traded and 65,286.80 MWh or 57.50% failing to be traded in DAM due to lack of transmission path as DAM trades on mainly on the Zimbabwe to Zambia interconnections.

Fig 1.3 Impact of Transmission Constraints on DAM Trading for the month of March 2016.



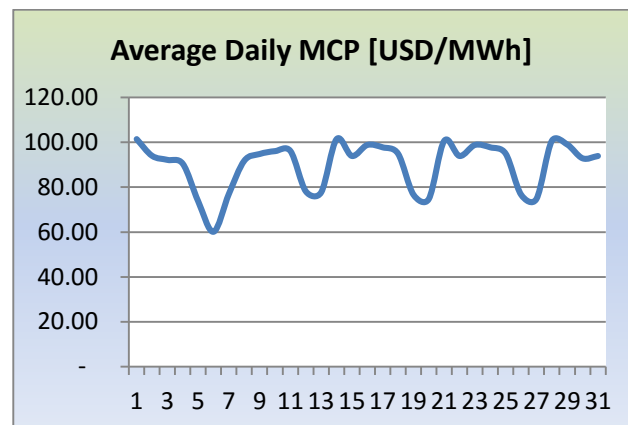
As can be seen from above graph, there is significant differences between matched and traded volumes during the month of March 2016 as a result of transmission constraints for the competitive market. There is a general increase in

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 March 2016. The average monthly market clearing price (MCP) was relatively lower during the month of March 2016 at 8.965 USc/KWhr when compared to the 9.139 USc/KWhr recorded in February 2016. Below is a summary of the daily average MCPs for the month of March 2016.

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



Revenue Performances

A total of **USD 5,220,916.15** was exchanged on the DAM and IDM market during the month of March 2016 when compared to a total of **USD 5,563,004.08** exchanged in February 2016. The decrease is mainly attributed to the decrease in traded volumes.



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