

Executive Exchange on the South African Power Pool Cross Border Exchange of Electricity Program

Johannesburg, South Africa, 19th to 22nd May'2014

Summary of visit to SAPP market

The program was organised by USEA and hosted by ESKOM. It gave an opportunity to get acquainted with SAPP's products and operations. The program was also attended by delegates from Bhutan, Nepal, Sri Lanka and Afghanistan. In addition to myself, delegate PXIL India was also present in the program. All the delegates presented about the power scenario in their respective country.

There were a number of presentations by SAPP executives covering the various aspects of the SAPP market. The regional market involves 12 countries in the South African region. It was established in 1995 and is the oldest power pool in South Africa. SAPP has basically two products namely the Day Ahead Market and the Post Day Ahead Market. Both the products are very similar to the products in the Indian Nation energy exchanges in operational features. However, volumes are not very high and they have traded about 33 MUs in April'14.

Presentations were made by Eskom executives also. Eskom is a South African electricity public utility established in 1923. The total installed capacity of South Africa is about 42000 MW out of which about 35650 MW is coal based. They have some hydro and gas plants with one nuclear power plant. They also have to face issues with transmission constrains as generation and load are concentrated at different parts of the country. Interestingly their total losses (Transmission and distribution included) are only about 8.7%. Financially, they are a profit making company.

The visit was useful as the SAPP market has many commonalities with the South Asian Market which is likely to materialize soon. The market operation principles and market design will be useful as an input for our own regional market. It also demonstrated that a regional market is beneficial even if the volumes are not very high. The low volume has usually come at a crucial time when one or more of the member country was facing acute shortage. It also exemplify the bole of balancing market in Cross Border Electricity Market.