



AGENDA

***INTRODUCTION TO
ELECTRICITY MARKETS –
EXECUTIVE PEER EXCHANGE TO
SOUTHERN AFRICA POWER POOL AND
ESKOM POWER POOL***

**JOHANNESBURG, SOUTH AFRICA
June 26 – 30, 2006**

**Conducted by the
U.S. ENERGY ASSOCIATION
Under the
SOUTH ASIA REGIONAL INITIATIVE FOR ENERGY
(SARI/ENERGY)
Funded by the
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

DRAFT AGENDA FOR EXECUTIVE PEER EXCHANGE

INTRODUCTION TO ELECTRICITY MARKETS

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GOAL: By assessing energy markets in southern Africa, South Asian energy executives will understand the positive impacts that transparent energy markets and cross border energy trade can have on attracting additional investments and meeting energy needs. Additionally, they will understand from the southern Africa experience that such energy markets can operate successfully even in situations experiencing energy shortages.

After learning in depth about the organization, operation and development impact of the multinational Southern Africa Power Pool (SAPP) and the South Africa Eskom Power Pool (EPP), the delegates will have the opportunity to identify potential actions and practices that might be applicable to the power sectors of their own South Asian countries.

PRIMARY OBJECTIVES:

- To observe approaches for attracting investments through competitive energy markets
- To learn techniques for managing energy markets in deficit power situations
- To analyze power trading strategies and pricing mechanisms in an energy shortage environment
- To discuss open access tariff structures
- To learn the role of regulatory agencies play in structuring and monitoring power exchanges

SUBOBJECTIVES:

- Learn & obtain documentation on Southern Africa Power Pool and Eskom Power Pool: history, organizational structure, planning, standards, operations, tariffs, products, energy trading strategies, regulation and monitoring
- Learn & obtain documentation on National Coordination Center
- Learn about & obtain documentation on 2-3 cross border power projects
- Learn about & obtain documentation on the National Energy Regulator of South Africa's (NER) role in regulating the domestic and international energy markets
- Learn about development of South Africa energy policies

OUTCOMES:

- Knowledge & documentation on multinational and national energy markets (i.e., SAPP and Eskom Power Pool)
- Knowledge & documentation on specific cross-border investment projects
- Participant's assessment of policies, procedures, organizational structures and practices potentially applicable to South Asia

USAID's South Asia Initiative for Energy (SARI/Energy) is an eight-country program that promotes regional energy security. Begun in 2000, the SARI/Energy program focuses on regional approaches to meet South Asia's energy security needs through increased trade, investment and access to clean energy. SARI/Energy countries include: Afghanistan, Pakistan, India, Nepal, Bhutan, Bangladesh, Sri Lanka and the Maldives.

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DAY 1: Meeting with the Southern Africa Power Pool (SAPP)**08h00 Registration and networking****SESSION 1, CHAIRPERSON Mr. Augusto De Sousa Fernando, SAPP Management Committee Chairperson**

- Welcoming by Eskom Senior Executive
- Overview of USEA-SARI and USEA-SAPP Partnerships, Mr. Sridhar Samudrala, Deputy Program Manager, USEA.

09h00 Overview of energy market concepts and definitions

- Overview of the SAPP, Dr. Lawrence Musaba, SAPP Coordination Centre.
- Overview of trading arrangements in South Africa, Mr. Callie Fabricius, Eskom.
- Overview of trading arrangements in Zimbabwe, Mr. Paddy Claypole, ZESA
- Overview of trading arrangements in Namibia, Mrs. Foibe Namene, NamPower.

10h30 Tea**SESSION 2, CHAIRPERSON Mr. Mbuso Gwafila, SAPP Planning Sub-Committee Chairperson****11h00 Detailed Analysis of the SAPP**

- SAPP Organization, Governance and Enabling Policies in Participating Countries
Mr. Augusto De Sousa Fernando, Management Committee Chairperson.
- SAPP System Supply, Demand and Transmission Constraints, Mr. Alison Chikova, SAPP Acting Chief Engineer.
- Energy Markets and Products: Bilateral Contracts; Short Term Energy Market (STEM) – monthly, weekly, daily, and hourly products; and new competitive bidding auction Day Ahead Market (DAM), Dr. Lawrence Musaba & Mr. Elisha Mutambudzi, Coordination Centre.
- Market Guidelines: Operational Guidelines and Trading Guidelines, Mr. Lovemore Chilimanzi, Operating Sub-Committee Chairperson.

12h45 Lunch**SESSION 3, CHAIRPERSON Mr. Lovemore Chilimanzi, SAPP Operating Sub-Committee Chairperson****14h00 Electricity Pricing and Open Access**

- Power Pricing: Bidding/auction procedures and documentation, Mr. Beta Musara, ZESA Planning Manager
- Transmission system pricing and open access requirements, SAPP transaction costs, Mr. Mbuso Gwafila, Planning Sub-Committee Chairperson.
- Congestion management procedures, Mr. Alison Chikova, SAPP Acting Chief Engineer.

- Contract documentation, Settlement system and documentation, **Mr. Christopher Nthala, Generation and Transmission Director, ZESCO.**

17h00 Close of Day One

19h00 Eskom Sponsored Dinner

DAY 2: Meeting with SAPP

SESSION 4, CHAIRPERSON Eskom Trading Manager, Mr. Willem Theron

08h00 Welcome Remarks & Logistics

08h05 The SAPP Competitive Market

- System IT infrastructure and software requirements, **Mr. Nangelwa Sitwala, SAPP Telecoms Working Group Chairperson.**
- Role and Strategies of Energy Marketers: gaming potential, IT/software used, risk management. **Mrs. Foibe Jacobs, Energy Trading General Manager, NamPower.**
- Regional Energy System Forecasting and Planning and Investment Decision making, Financing Strategies for Required Investments. **Mr. Walter Nxumalo, Distribution Manager, SEB.**
- Market regulation and monitoring: Controlling Market Power and Manipulation, **Mr. Elijah Sichone, RERA Executive Secretary.**
- Key Problems Experienced and Solutions: complexity, market power, system gaming, bidding and prices system unexpected impacts, and integration of demand-side resources. **Mr. Stephen Dihwa, ZESA Planning Director.**

10h30 Tea

SESSION 5, CHAIRPERSON Coordination Centre Manager, Dr. Lawrence Musaba

11h00 The Eskom Power Pool

- Eskom Power Pool Organization, Governance and changes, **Mr. Callie Fabricius, Eskom.**
- Supply, Demand and Constraints in South Africa, **Mr. Kannan Lakmeeharan, Eskom.**
- Energy Markets and Products: Competitive Products: energy, reserves (regulation, instantaneous, 10-minute ramp up), **Mr. Michael Barry, Eskom.**

13h00 Lunch

SESSION 6, CHAIRPERSON NamPower Transmission Director, Mr. Bertholdt Mbuere

14h00 Eskom Power Pool Operations

- Ancillary ~~Products~~Services: ~~supplement—and—emergency—r~~Reserves, ~~C~~onstrained ~~g~~eneration, ~~b~~lack-start and ~~i~~slanding capacity, and ~~r~~esponsive ~~p~~ower, **Mr. Vijayan Naidoo, Eskom.**
- Market Operation Procedures and Market Guidelines: Operational Guidelines and Trading Guidelines, **Mr. Michael Barry, Eskom.**
- System Marginal Price thru bidding/auction, transmission system pricing and open access requirements, EPP transaction costs, Congestion management procedures, Contract documentation, settlement system and documentation, **Mr. Callie Fabricius.**

17h00 Close of Day One 2

19h00 Enerweb Sponsored Dinner

DAY 3: The Eskom Power Pool

08h00 Welcoming & Logistics

SESSION 7, CHAIRPERSON **Mr. Rob Surtees**

08h05 The Eskom Power Pool

- System IT infrastructure and software requirements, **Mr. Sanet Mulder, Eskom.**
- Role and Strategies of Energy Marketers: gaming potential, IT/software used, risk management. **Mr. Michael Barry, Eskom.**
- Planning and Investment Decision making, **Mr. Segomoco Scheppers.**

10h30 Tea

11h00

- Financing Strategies for Required Investments, **Ms. Caroline Henry, Eskom.**
- Key Problems Experienced and Solutions: complexity, market power, system gaming, bidding and prices system unexpected impacts, and integration of demand-side resources, **Mr. Michael Barry, Eskom.**

12h00 Lunch

SESSION 8, CHAIRPERSON **SAPP IT Manager, Mrs Caroline Ganyani**

13h45 ENABLING INFRASTRUCTURE

- Energy Trading and Settlement Platform, **Enerweb Official.**
- Infrastructure and Information Management Support, **Arivia.Com Official.**

15h00 Site Visit to Eskom National Control Centre

19h00 Alivia.kom Sponsored Dinner

DAY 4: Meeting with Energy Policy Markers, Regulators and Investors

08h00 Welcoming & Logistics

SESSION 8, CHAIRPERSON **Mr. Vusimuzi Simelane, Environmental Sub-Committee Chairperson**

08h10 Welcoming & Logistics

Regulation of South Africa Electricity Sector and Cross Border Trading by South Africa National Energy Regulator of South Africa (NERSA)

- Statutory Powers and Mandate
- Electricity Regulatory Framework
- Specific Oversight Responsibilities on EPP and SAPP Markets
- Oversight of System Expansion Plans
- Role of African Regional Regulatory Association (RERA)
- Controlling Market Power and Manipulation

Senior Executive of NERSA

- Enabling Policies in South Africa, Mr. Koena Moholola, Director of Electricity, Department of Minerals and Energy of South Africa.

10h30 Tea

SESSION 9, CHAIRPERSON Senior General Manager Transmission, Mr. Pat Naidoo

11h00 Cross-Border Power Sector Investment Projects

- WESTCOR Project, Mr. Jean Thomas Lokala, Chief Operating Officer of Westcor.
- MOTRACO, Mr. Francis Masawi, General Manager of MOTRACO
- Establishing an IPP in South Africa, Mrs. Vanessa Gouden, EcoElectrica Ltd.

12h45 Lunch

Afternoon Field trip (Power station/Apollo/Megawatt Park)

DAY 5: Group Meeting and Discussions

08h00 Welcoming & Logistics

SESSION 10, CHAIRPERSON Mr. Sridhar Samudrala, Deputy Program Manager, USEA

08h10 Group Meeting and Discussion

- Assessment of Peer Exchange and discussion of procedures and practices applicable to South Asia, Ms. Sarah Blanford, Senior Program Coordinator, USEA
- Vote of Thanks, Dr. Lawrence Musaba, Coordination Centre

12h00 End of meetings

Afternoon Lunch and Field trip (Power station/Apollo/Megawatt Park)