



Bilateral Contracts Documentation

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1. *BILATERAL CONTRACTS*

- ❑ **SAPP Bilateral Market is a market where generators, marketers and customers have a choice of entering into bilateral contracts for long term periods.**
- ❑ **The contracts have a fixed volume of electricity and a specified time period: 3-5 Years**
- ❑ **The aim of a long term contracts is to trade bulk electricity:**
 - ➔ **At agreed prices and volumes**
 - ➔ **Clear allocation of risks between participants**

Characteristics of Bilateral Contracts

- ❑ **Bilateral contracts are freely negotiated between the parties:**
 - ➔ **They are ideally physical contracts.**
 - ➔ **Scheduling is controlled by both Buyer & Seller.**
- ❑ **Some contracts charge for both **capacity** and **energy** charges.**
- ❑ **Third Parties are only involved as **wheelers** and in that case they become a party to a bilateral contract.**
- ❑ **The contracts are structured to confirm with SAPP **Rules and Guidelines**.**

2. DOCUMENTATION

- ❑ **Documentation should be in conformity to the SAPP Governing base documents.**

- ❑ **Contract Scope**
 - ➔ **Usually covered in recitals.**
 - ➔ **Recitals differs from contract to contract.**
 - ➔ **Need to quote legislation that may affect the contract.**

- ❑ **Definitions**
 - ➔ **Aim to remove ambiguity and create common understanding between the parties.**
 - ➔ **May include acronyms and rules of interpretation.**

Obligations-1

- ❑ **Declaration of capacity**
 - ➔ **Quantity and Duration**
 - ➔ **Wheeling issues**
 - ➔ **What to do in the absence of a declaration**
 - ➔ **Dispatch**

- ❑ **Communication**

- ❑ **Maintenance**
 - ➔ **Scheduled**
 - ➔ **Unscheduled**

Obligations-2

- ❑ **Metering equipment and procedures**
- ❑ **Commercial conditions**
 - ➔ **Invoices and Payment schedules**
 - ➔ **Billing is on **schedule** and not **actual** flows**
 - ➔ **Penalties for late payment**
 - ➔ **Taxes and bank charges**
- ❑ **Term for Termination of Contract**
- ❑ **Default**

Specifications

□ Technical

- Metering and supply points
- Transmission losses
- MW & MVAR requirements
- QoS
- Outages: Planned and unplanned
- Inadvertent energy management

□ Legal

- Governing law
- Amendments
- Termination
- Dispute resolution
- Force Majeure



**Example
of Invoice**



Southern African Power Pool
 17th Floor, Southampton Life Centre
 77 Jason Moyo Avenue, Harare
 PO Box GT897
 Tel: +263-4-250560/3/4/9
 Fax: +263-4-250565/6

Trading Date: 15-Nov-00

SELLER: SNEL
BUYER: ZESA

INVOICE

Customer	
Name	Mr. E. Rugoyi
Address	ZESA
City	Harare
Phone	263.4.774508
State	Zimbabwe

Date of Invoice	19-Nov-00
Order No	1411200
Due Date	20-Nov-00
Contract Type	Daily

Date	Exchange Rate	Qty [MW]	Description	Unit Price [US Cents/kWh]	Duration (Hrs)	Total [US\$]
1. Energy Charges - Daily						
15/11/00	7.65	100	Purchase of power from SNEL - Hour End 1 to 10	1.65	10	16,500.00
15/11/00	7.65	120	Purchase of power from SNEL - Hour End 16 to 24	1.50	9	16,200.00
<i>Sub-Total</i>						32,700.00
2. Wheeling Charges - Daily						
15/11/00	7.65	7.5%	Wheeling charge payable to ZESCO - Hour End 1 to 10			1,237.50
15/11/00	7.65	7.5%	Wheeling charge payable to ZESCO - Hour End 16 to 24			1,215.00
<i>Sub-Total</i>						2,452.50
3. Excursion Charges - Daily				Charge Rate		
<i>Sub-Total</i>						35,152.50
<i>1% Administration Fees</i>						351.53
TOTAL						35,504.03

Payment Details
Bank Transfer

Office Use Only

<u>SAPP BANK DETAILS</u>	<u>STANBIC BANK BOTSWANA LIMITED</u>	<u>ACCOUNT NUMBERS</u>
	C/o Mr. Tasha Fereira Manager Cooperate Banking Tel: 00 267 308762 Fax: 00 267 300171	USD Call 02 220 119 29100 ZAR Call 06 220 119 29100

The currency of payment for this transaction is the US Dollar



3. CONCLUSION

- ❑ **Bilateral Contracts require documentation between parties for the purpose of:**
 - ❑ **Resolution future conflicts**
 - ❑ **Termination of contract, and**
 - ❑ **Financial settlements**

- ❑ **The contracts are structured to conform to the SAPP governing base documents.**

- ❑ **The execution of bilateral contracts is the responsibility of the concerned parties.**

- ❑ **The SAPP do not interfere in bilateral contracts.**

THANK YOU

