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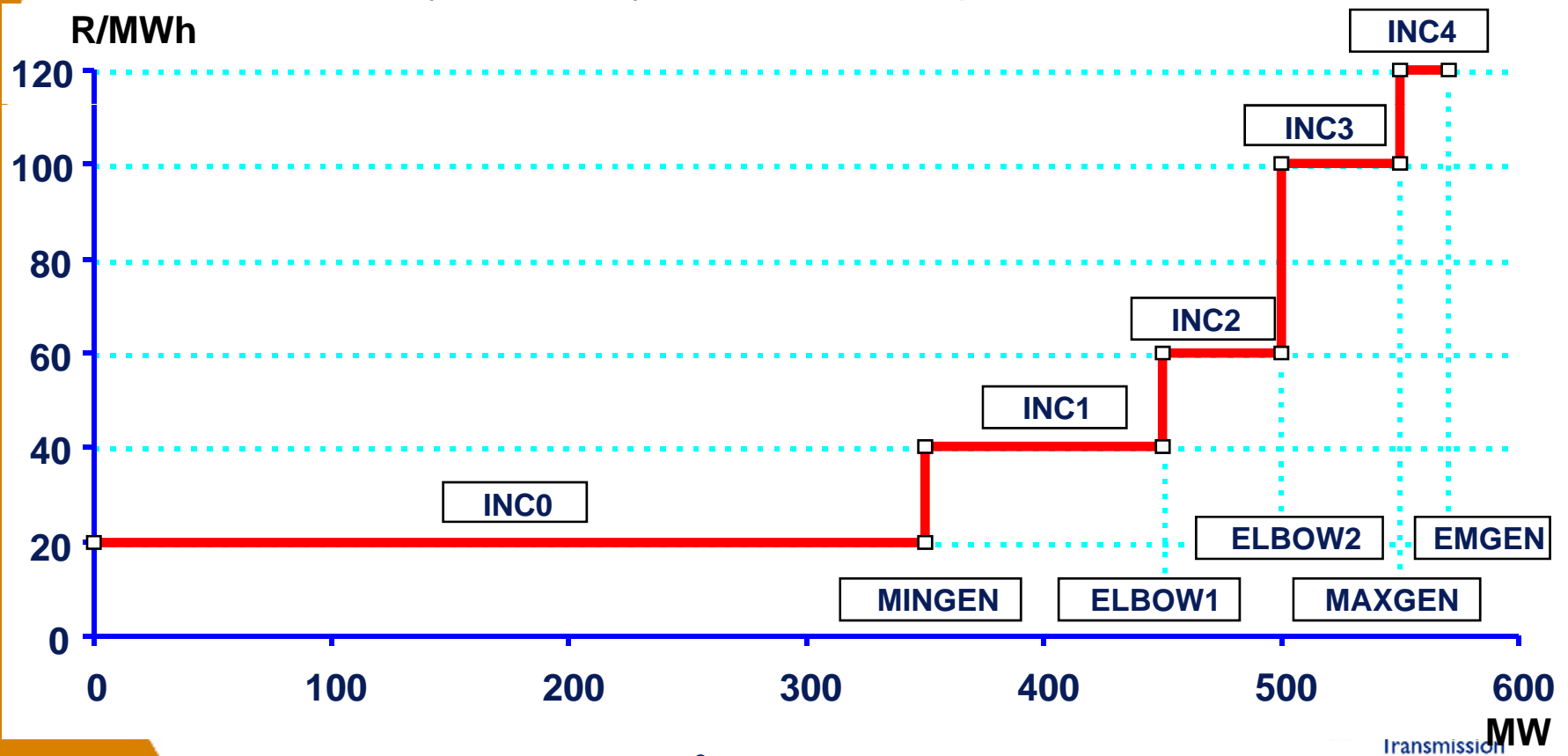
# **Eskom Power Pool**

## **Settlement and Clearing**

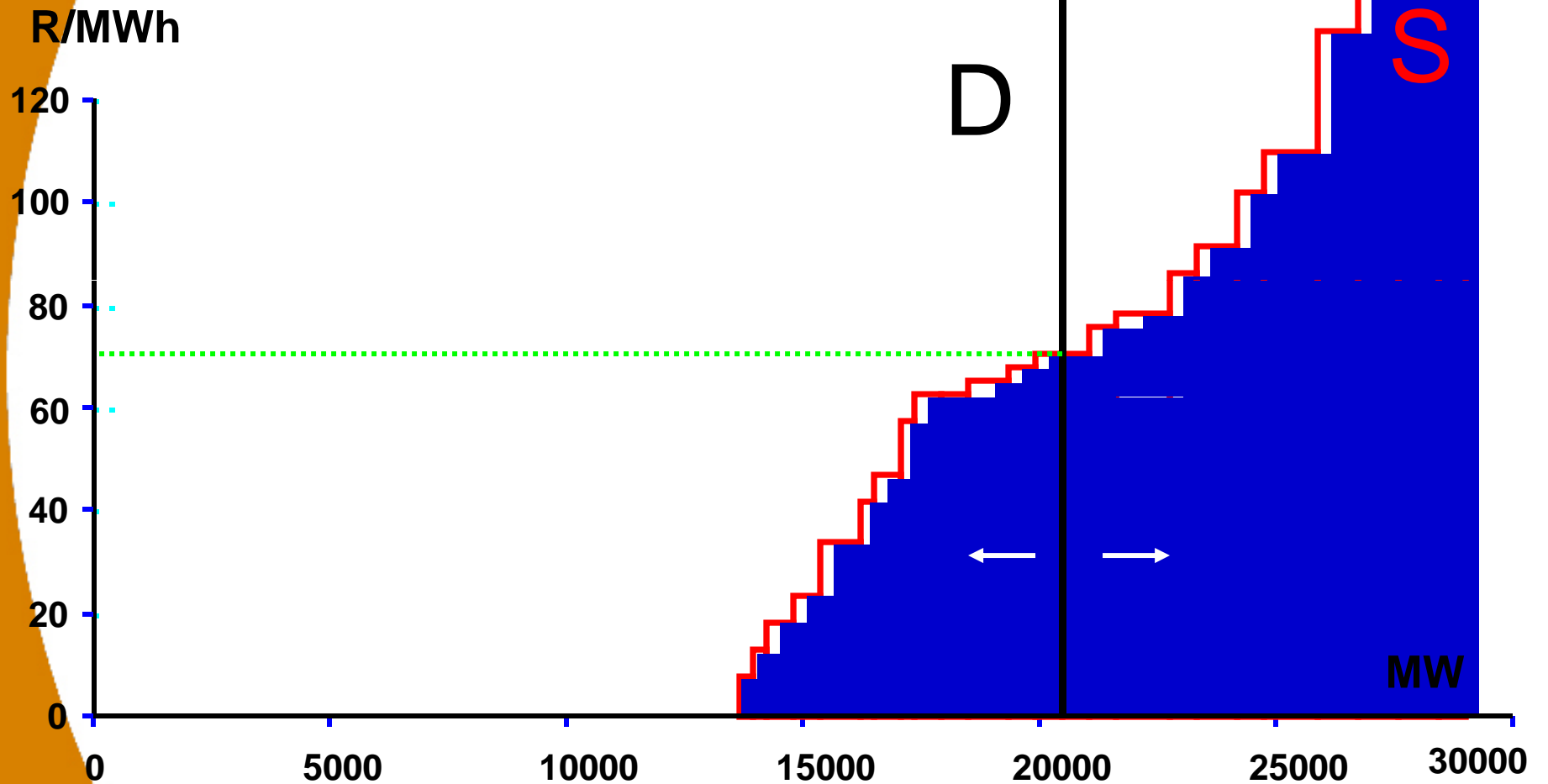
SARI/E Intro to Electricity Markets  
27 June 2006

# Generator Offer (for each unit)

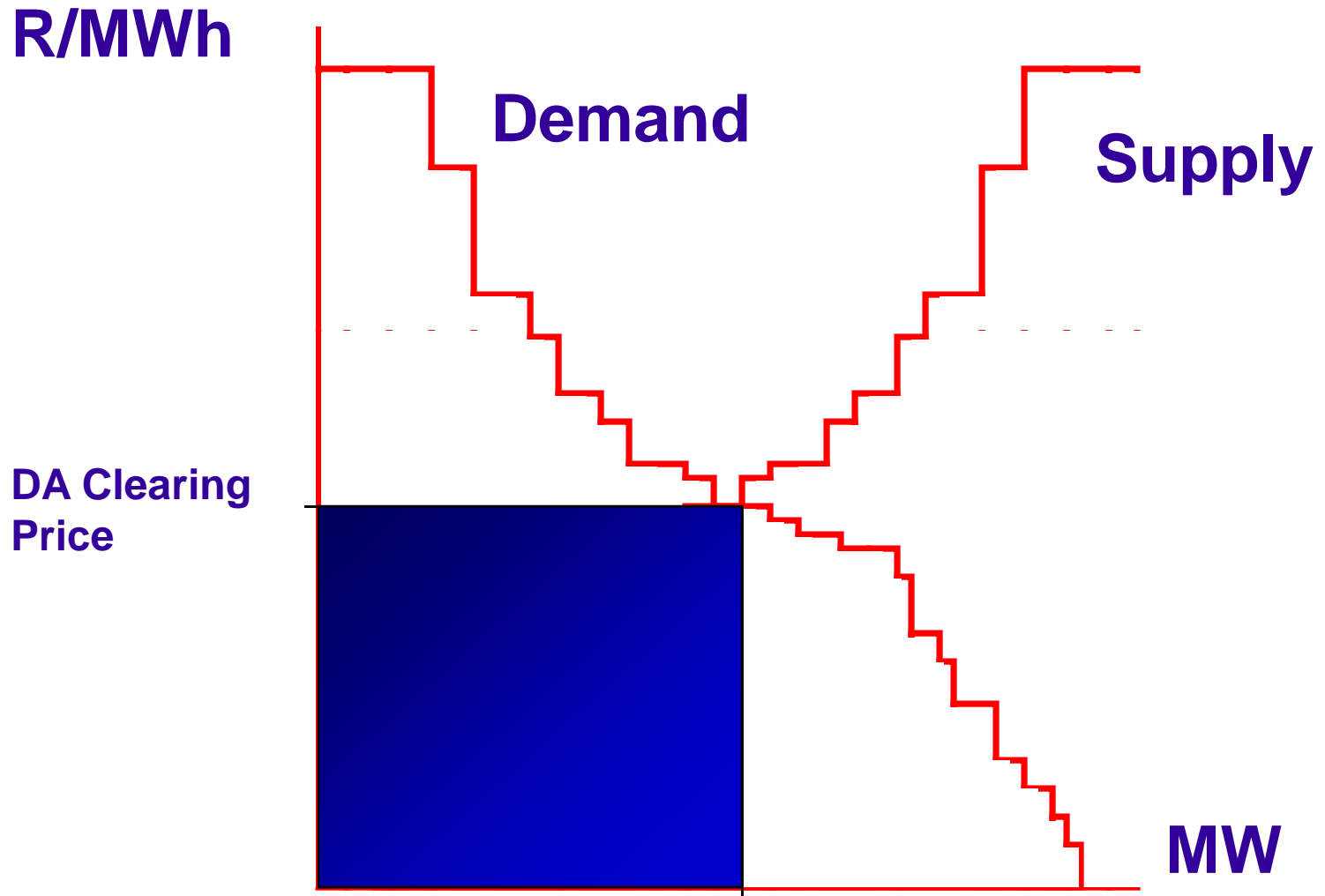
- Self-commitment / decommitment or based on price (each hour)
- Price curve (for a day)
- Availability, flexibility and technical parameters



# Supply / Demand Curves and SMP

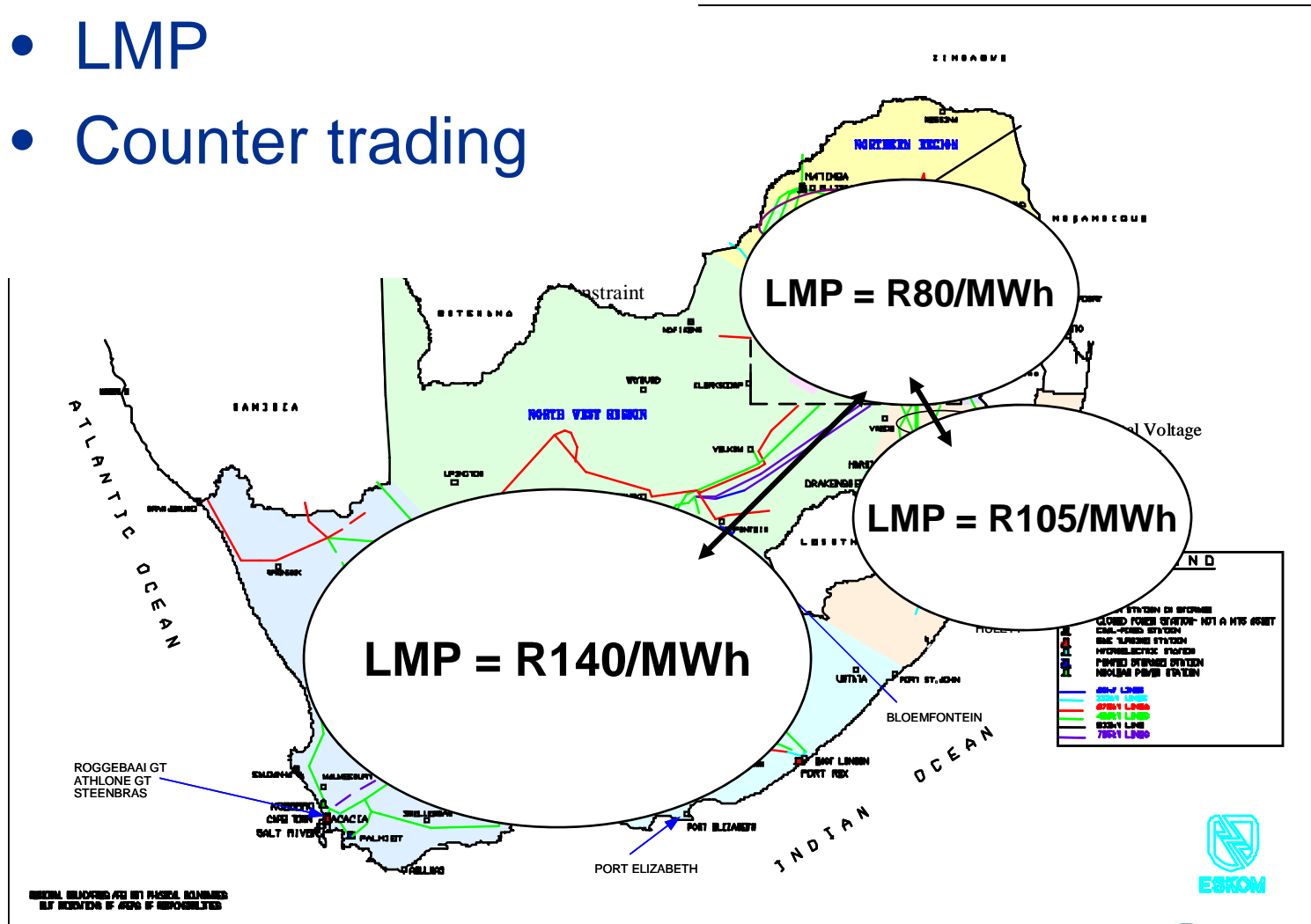


# Day Ahead Market (DA)



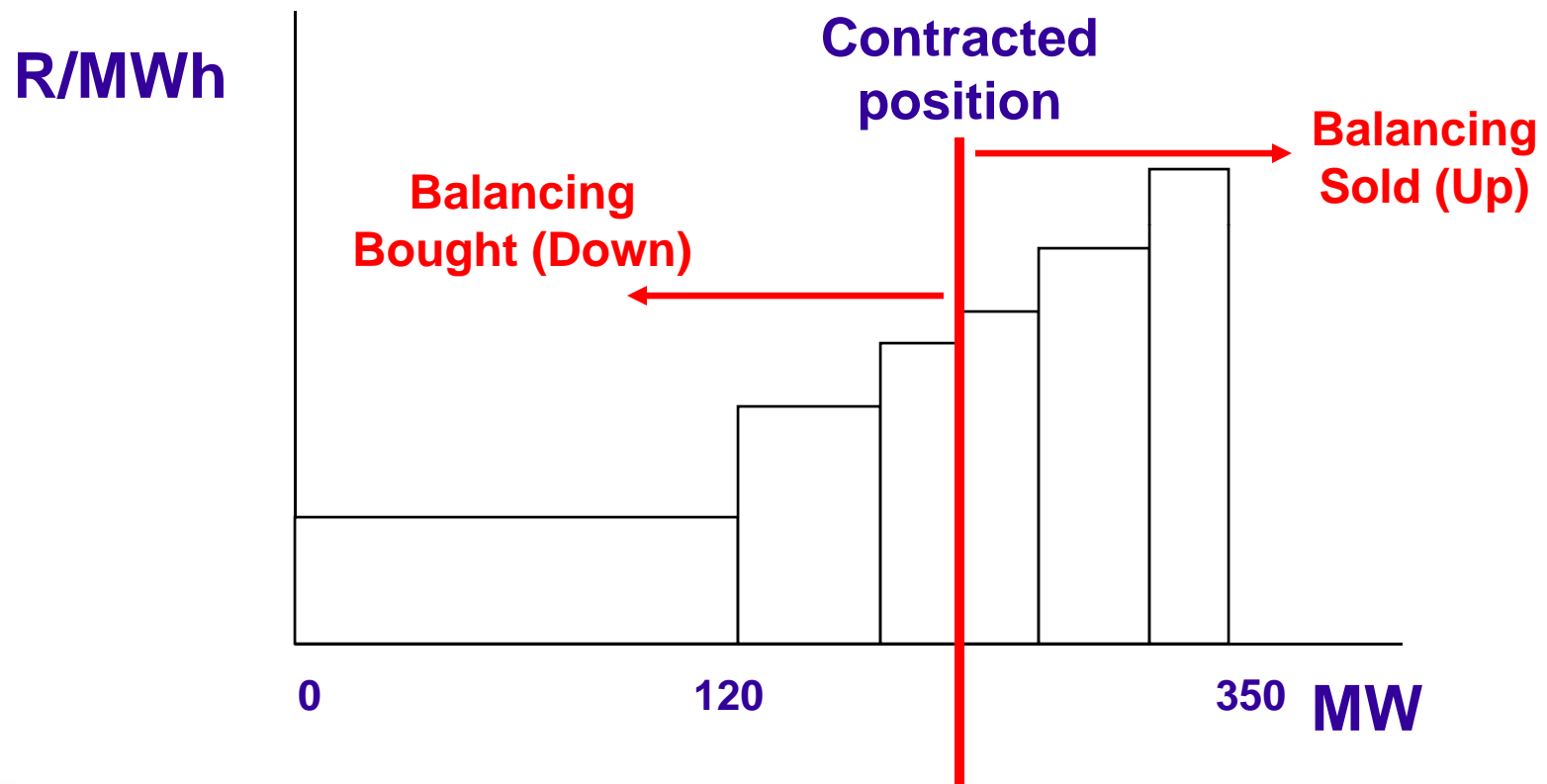
# Congestion Management

- LMP
- Counter trading



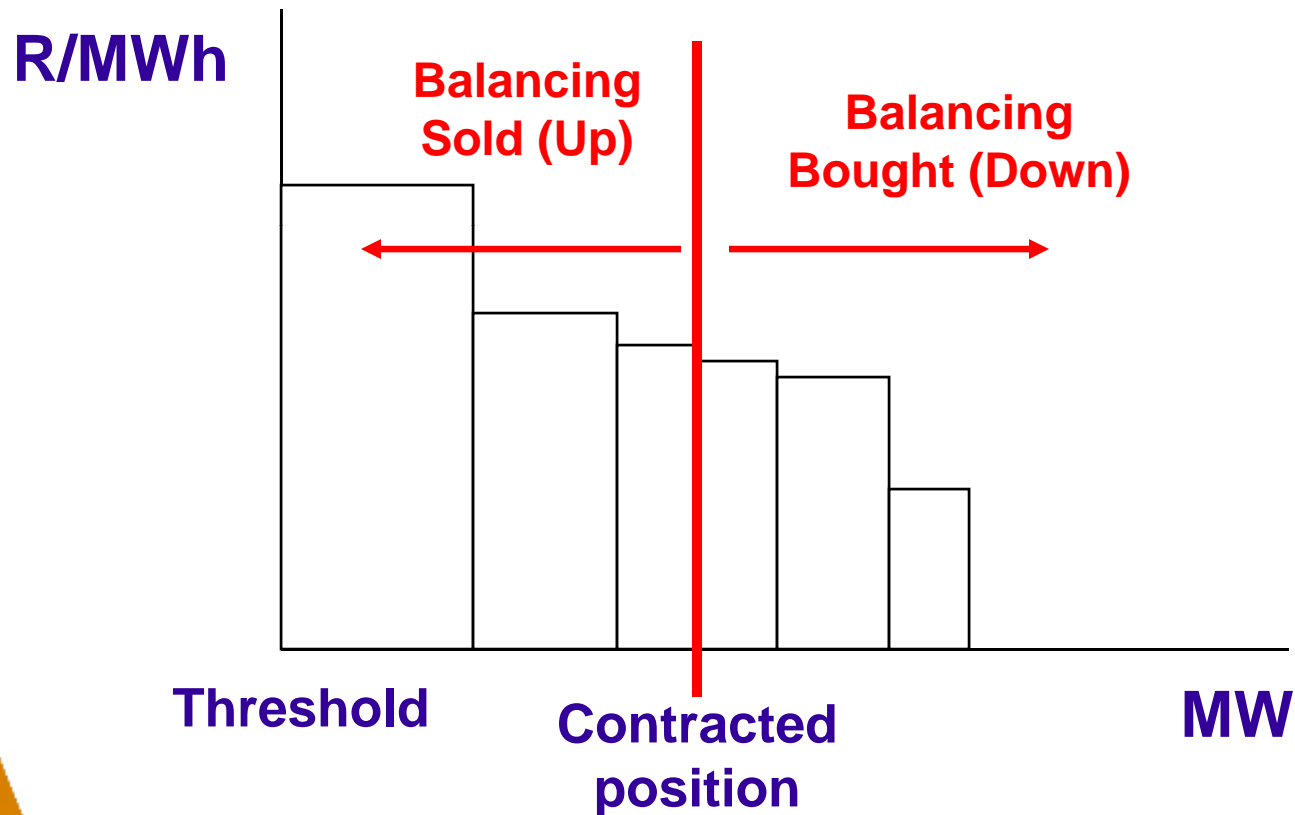
# Day-Ahead Price Curves (1)

- Supply curve



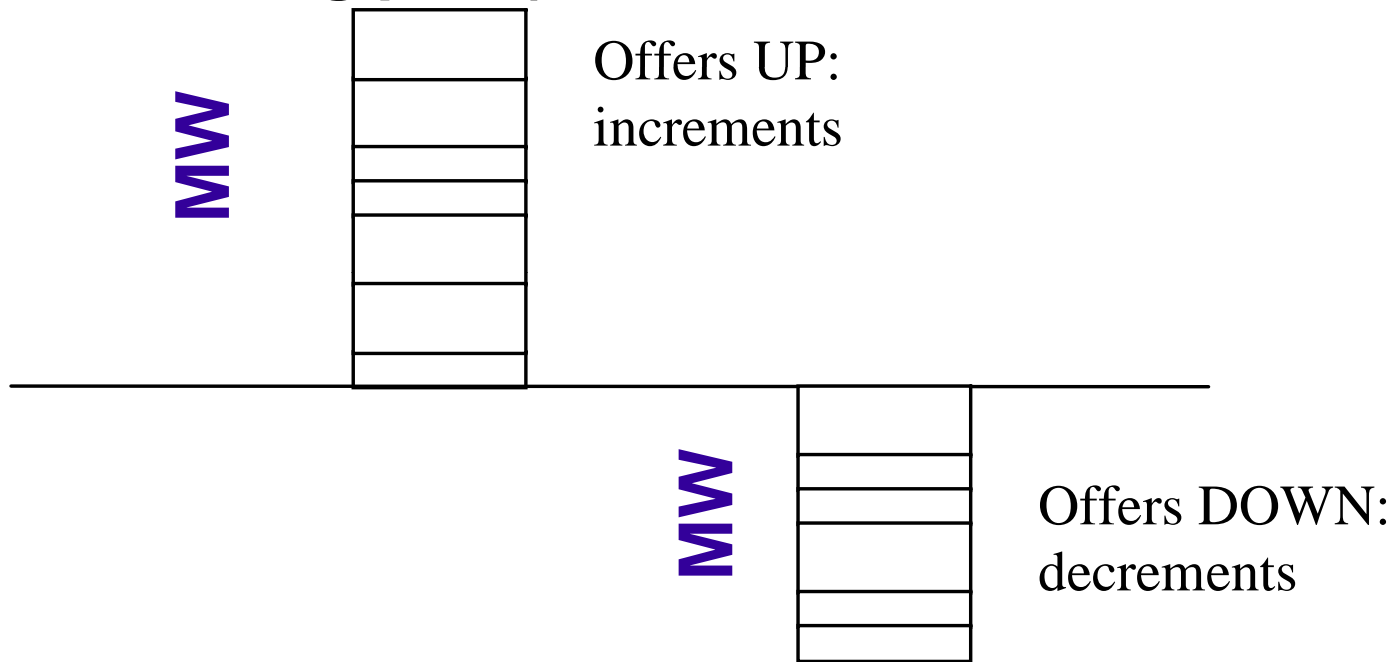
# Day-Ahead Price Curves (2)

- Demand curve



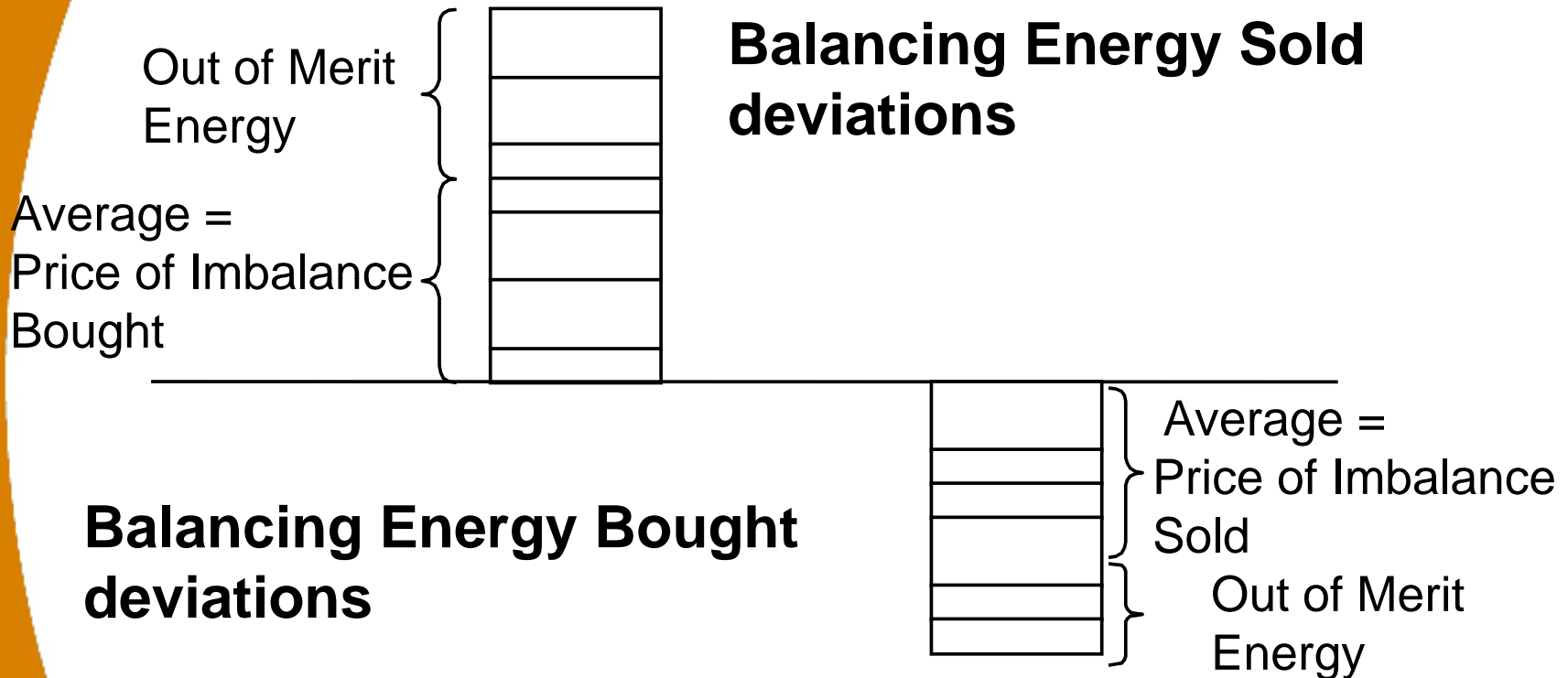
# Balancing Mechanism (BM)

**Stack for Upward Movement (in order of increasing price)**



**Stack for Downward Movement (in order of decreasing price)**

# Balancing Mechanism (BM)



# Settlements

- Two stage settlement system:
  - Day ahead Settlement
    - Energy Payment = Contract\*SMP
  - Settlement of BM
    - Payments calculated separately from DA, based on prices calculated in BM and shift in energy (either on or against instruction of NC)
  - Remaining imbalances covered by Imbalance Charge (charged to all system users)

# Transmission pricing

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- Demand-side
  - Regional differentiation (0-3%)
  - Reserved Capacity: measure actual maximum peak vs reserved capacity
  - Connection charges
- Generators
  - Distribution shift factor method
  - Connection charges
- Access governed by Grid Code

# EPP transaction costs

- Cost recovery
  - Power Exchange charges costs via the Infrastructure charge
  - Currently costs of running EPP at R0,06/MWh (or 0,006c/kWh)