

SAWEM RULE 2 – CENTRAL PURCHASING AGENCY CONDUCT RULES

Introduction

- (1) These Rules form part of the Market Code and Rules governing the South African Wholesale Electricity Market (SAWEM).
- (2) The Central Purchasing Agency Conduct Rules provide for the required conduct of the Central Purchasing Agency with regards to Market Participation.
- (3) The definitions in the Market Code apply to these Rules unless specified otherwise.

A. Legacy charge

- (1) A list of all CPA contracts shall be maintained on the NTCSA website including the Programme, Company Name, Project Name, Capacity, Technology, Term, Province.
- (2) The cost of all services under the CPA and difference in market versus contract price shall be covered by a legacy charge paid by all consumers.
- (3) This legacy charge shall be calculated annually by the CPA and approved by NERSA;
- (4) The CPA may apply for a revision of the legacy charge (when the recalculation of the legacy charge falls outside monthly/quarterly limit approved by NERSA).
- (5) The CPA shall publish its own report on an annual basis, including information on vesting agreements.
- (6) The CPA shall comply with the Market Code and act in manner to minimise the imbalance. The CPA shall apply to be a Market Participant and Balance Responsible Party with the Market Operator prior to Commencement Date and sign the Market Participation and Balancing Agreements with the Market Operator.

B. Section 34 agreements

- (1) The CPA is responsible for bidding all section 34 agreements into SAWEM and will be Balance Responsible for these.
- (2) The CPA shall purchase energy under existing short-term procurement programmes Standard Offer and Emergency Generation Programme applying the same rules.
- (3) The CPA shall be allowed to define Trading Units combining different IPPs into a combined Trading Unit as per the Market Code to minimize imbalance costs.
- (4) For PPAs for intermittent IPPs from REIPPP bid window 1-4 where there is no requirement for forecasts backed by penalties, the CPA shall be allowed to use the SO forecasts for the same IPPs as part of the bidding process into SAWEM.

- (5) For PPAs for intermittent IPPs from bid window 5 onwards the CPA shall use the IPP forecasts as part of the bidding process into SAWEM. If the forecast from an intermittent IPP is outside of an agreed band approved by NERSA, the CPA shall be allowed to use the SO forecasts.
- (6) The CPA will publish the aggregated forecast for the Section 34 Renewable IPPs as well as the actual production from these IPPs including the cost implication of the balancing charges arising from the variance. The aggregate of dispatchable IPPs schedules as well as the aggregate production from these IPPs should also be published including any balancing implication from the variance.

C. Vesting contracts

- (1) All vesting contract templates shall be publicly available, excluding project specific information.
- (2) The volumes of each individual contract shall be publicly available.

Vesting contracts with Eskom Distribution and other licensed distributors

- (3) CPA shall be the financial counterpart to the vesting contracts.
- (4) CPA to determine the wholesale tariff on an annual basis and obtain approval from NERSA
- (5) CPA together with their vesting contract counterparts shall also agree on the volume to be covered by each vesting contract on a quarterly basis and approved by NERSA
- (6) CPA shall be financially responsible (payment / recovery) for the difference between the contracted wholesale tariff and the SAWEM market price for the agreed volume.
- (7) CPA shall be responsible for sharing the required details on all calculations with the Market Operator as well as the Eskom Distribution and other licensed distributors
- (8) CPA shall manage all claims and disputes with regards to the vesting contracts, whilst Eskom Distribution and other licensed distributors shall manage queries and disputes towards the results from SAWEM

Vesting contracts with Eskom Generation

- (9) There shall be one individual Vesting Contract with each of the Eskom Generation power stations.
- (10) The CPA shall be the financial counterpart to the Vesting Contracts.
- (11) The CPA together with the individual Eskom Generation power stations shall agree on an energy rate as well as the parameters/costs for the availability payments as well as ancillary services (subject to technical capability) on an annual basis and as approved by NERSA.

- (12) Each Eskom Generation power station shall sell their required power through the SAWEM and be a Balance Responsible Party.
- (13) The CPA shall be financially responsible (payments/recovery) for the difference between the contracted energy rate and the SAWEM market price for the scheduled volume of energy.
- (14) CPA shall be financially responsible for the (payments/recovery) difference between the contracted reserve rate and the SAWEM reserve price for the scheduled volume of reserves.
- (15) CPA shall be responsible for the calculation of the availability payment based on the agreed availability factor applying the detailed calculations based on the availability cone, penalties based on redeclarations and other elements of the agreed vesting contract and submit to the MO as part of settlements.
- (16) CPA shall be responsible for payment of the ancillary services initiated by the System Operator as per the Vesting Contract.
- (17) CPA shall be responsible for claiming the same cost of the ancillary services initiated by the System Operator, from the System Operator.
- (18) CPA shall be responsible for sharing the required details on all calculations with the Market Operator as well as the Eskom Generation power stations.
- (19) CPA shall manage all claims and disputes with regards to the Vesting Contracts, whilst Eskom Generation power stations shall manage queries and disputes towards the results from SAWEM

D. International bilateral agreements

- (1) The CPA shall be the counterpart to all legacy international bilateral contracts entered into before market opening.
- (2) Legacy international bilateral contracts can be renegotiated if the counterparts are the same and thereby this will not count as a new contract.
- (3) The CPA shall be allowed to be the counterpart to new international bilateral contracts if these contracts are agreed on a political level and where the CPA is not the initiator of these contracts.
- (4) The CPA shall be allowed to aggregate all import and export agreements as part of their contract management.
- (5) The power required to supply (for import or export) the international bilateral contracts shall be secured through the SAWEM
- (6) The regional energy imbalance for all international bilateral agreements shall be managed as per the SAPP rules.
- (7) The national energy imbalance for all international bilateral agreements shall be managed as per the SAWEM rules.

- (8) The CPA is counterpart for all claims, queries and disputes arising from these contracts.

E. Programme management

- (1) The CPA shall support any procurement process as per section 34 of the ERA. It shall perform the programme management regarding the required agreements.
- (2) Recovery of these costs associated with capacity contracts should be managed under related charges in the Wholesale Tariff.