

Energy Market Services

Market Operator

The **Emergency Generation Programme** allows Eskom to procure more expensive power during periods when the grid is significantly constrained. The programme allows for independent generators to provide energy monthly, weekly or daily to compete with the Eskom generators in the internal market. The independent generators will supply into the grid based on the offer price and availability provided.

PRINCIPLES OF THE EMERGENCY GENERATION PRODUCT



- 1 The Seller (i.e. generator) submits an offer to Eskom either month-ahead, week-ahead or day-ahead. Eskom will evaluate the month-ahead and week-ahead offers based on the expected utilisation of own and competing generators. The offer will include a price offer, hourly expected output as well as technical parameters and flexibility (for the day-ahead offer only).
- 2 Eskom will indicate acceptance of month-ahead and week-ahead offers within 24 hours. Eskom will also produce schedules for production by 14h00 on the day before the day of operation, utilising the offers from the Emergency Generator participant and the Eskom generators. The schedules will be reported to the Seller either through electronic communication or posted on an secure website.
- 3 A market clearing price will be calculated in the Eskom day-ahead market, set by the marginal incremental price of the marginal generator. This generator must be flexible, not constrained by technical limitations. There is a market cap established to limit the day-ahead market price (currently set at R1093.20/MWh). Generators that bid below this price will be paid at the market clearing price for energy scheduled and generated; generators bidding above the market cap will be paid at their bid price for energy scheduled and generated.
- 4 The price bid by the generator will be limited to a ceiling agreed to by both parties to avoid gaming during the course of the contract. The ceiling may be adjusted by mutual consent when underlying fuel prices change.
- 5 The payment for energy delivered will be based on the actual energy output relative to the scheduled energy:
 - a) If the actual generation is equal to the scheduled generation, then the actual energy is purchased at the clearing price (unless the bid price is above the market cap and the rules for flexibility are met or the energy was accepted in the month-ahead or week-ahead offer, in which case the energy is purchased at the offer price).
 - b) If the actual generation is greater than the schedule, the additional generation is paid at the market clearing price
 - c) If the actual generation is less than the schedule, the actual generation is purchased using the offer price with the shortfall effectively ignored.