

# SANEA PRESENTATION

13 October 2010

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SOUTH AFRICAN INDEPENDENT  
POWER PRODUCERS ASSOCIATION



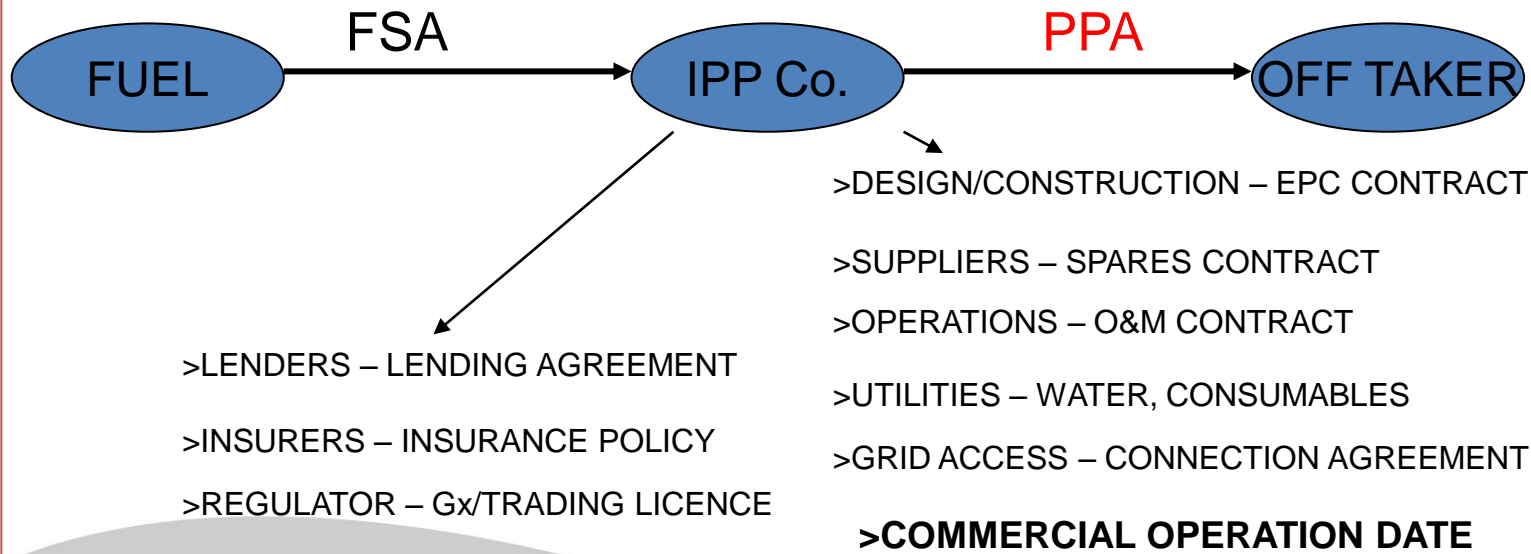
# SAIPPA

## SA Electricity : Current Policy and Regulations

- The Electricity Regulation Act 2006 – Objects of Act (a)-(g)
- The Electricity Regulation Amendment Act 28 of 2007.(Extension of Minister's powers..)
- Electricity Regulations on New Generation Capacity 5 Aug 2009 – IPP's and the IRP process

# IPP requirements

IPP PROJECTS must be **BANKABLE**



**PPA IS THE FOUNDATION OF IPP FINANCEABILITY**

## Nersa : Price Regulation

- Nersa Actions resulting from Policy – Regulations as determined by policy. (Presentation to Parliament)
- REFIT Phase 1 and REFIT Phase 2 – 20 year PPA's
- Selection Criteria for Refit program
- Standard REFIT PPA ? Where is this?
- Eskom MTPPP – allocations in MYPD2 (Cogen)
- IRP2009 – REFIT Phase1 and MTPPP in MYPD2

## The Flies in the Ointment: The System Operator, The Buyer & Procurement

- Current System Operator not Independent and embedded in Transmission.  
( Eskom, as a developer and owner/operator of power projects is conflicted. A SO is required to aggregate the purchases of ALL price regulated producers. )
- The Buyer has to be a legal entity and creditworthy for banks
- An INDEPENDENT Procurement Process for IPP's. (The Current SO would use the Eskom Procurement Process)

## The Interim Arrangements for Phase1

- A Ring-fenced 'System Operator' in Eskom Transmission to aggregate purchases
- PPA will be contracted with Eskom Holdings
- The National Treasury PPP Procurement Process to be used.
- National Treasury is having the PPA reworked for bankable acceptability
- Amendments to the Regs on New Gx Capacity Aug 2009.

Policy Clarity for IPP's : The ISMO  
(Independent System & Market Operator)  
Bill – proposed...(1/2)

- The future structure of the ESI clarified
- The migration of the System Operator and Transmission business out of Eskom into an independent SOE – the 'ISMO'
- Will be real time Operator balancing Supply and Demand
- Will be the 'Central Buyer' to aggregate purchases from Gx producers

**Policy Clarity for IPP's : The ISMO  
(Independent System & Market Operator)  
Bill – proposed...(2/2)**

- Will allow equal access to the Grid
- Willing Buyer, Willing Seller entrenched
- Wheeling of power thru Grid allowed.
- Will allow Trades thru SAPP using SAPP rules
- Will do Gx expansion planning and Ancillary Services and run the Procurement.
- Will do Tx expansion planning and implementation

# Thank YOU

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