SAIPPA WHEELING WEBINAR QUESTION AND ANSWER

22 July 2021

Session 1

Questions	Answer
Brian Day Should the ITSMO also have two additional functions?	See below.
Brian Day Gx and Tx planning Procurement (IPPO)?	Keith Bowen The Central Planning Agency (CPA) we would expect some sort of generation planning looking at future generation capacity. so, we have an existing energy planning component in transmission that would be in the CPA. Looking at regular IRP (future industries) and saying where they think or what kind of generation will be needed in meeting government's objective and other thing. You put out the plans for people to see but they will also be a component in the CPA that is monitoring what actually happening in the market, what capacity is been built, if the plan is not being met by the market. Then they should be some abilities to go out and do a procurement. Sitting in the CPA, there is a programme management section that would go out to run programs either for capacity, ancillary services or whatever we feel is required and from the market and the market is not providing.
Hamid Babagheiby	Keith Bowen

Is wheeling available practically, now? (Due to Grid constraints and balancing)	Wheeling is available and currently we have 12-13 contracts that are wheeling. Wheeling is not based on the contract part is based on where the energy follows.
Otieno, WO How would the customer be able to select which seller to purchase electricity from i.e., Eskom or Municipality for residential or Commercial seeing they are transmitted through the same Eskom grid? Would the tariffs differ?	Keith Bowen Consumer do have the right to choose (not often exercised) which seller to purchase electricity from and therefore leading to different charge.
Brian Day Could ITSMO contract separately for ancillary services?	Keith Bowen Yes, ancillary services also depend on which ancillary service we are talking about either if it's a long term, voltage control etc which these are not necessary energy linked and can be done under separate contract. With things like reservoirs and fast response these are very important future ancillary service kind of product and are energy linked. This would be a combination that you would probably get a contract through CPA that covers both of those.
Hamid Babagheiby Is there a complete user guide for exist wheeling rules and cost calculation?	Not answered.
Jenna Harris How does Eskom manage wheeling / billing when an IPP has multiple offtakers? Would there be a different metering depending on who the IPP is selling to?	Keith Bowen Currently we pick up the generational metering, so if we got an IPP that's selling to multiple offtakers. We have the remote interrogation for the meters and at the same time they provide the split as to where the energy is going. All of these offtakers will have to be included in the agreement upfront. But they would say the first 100mw or percentage is going to this one and that one, then WE allocate and send it through for allocation But it is possible that the offtaker might be consuming less than the allocation then we have to locate what is happening with those rules.
van Staden, Piet	Stephane Barbeau

How do we take this forward? Design the new market and rules beforehand (like the multi-market model we looked at years ago) and implement, or do we take baby steps in the right direction to incrementally move forward?	They are two parallel paths; Treasury is going to commission a study looking at the big market models it a big steering committee with the Presidential office DMRE etc. The report will be available next year in the summer. South Africa will have a common decision if they are moving forward towards the non-game. That's the end game. The issue now is where do you start to improve the current framework-do you try to prepare something for when there is no/ will be no operational in a year or try to do something right away. If you try to do something right away, it always come back to the current system of netting Eskom. This current system could be put interim market rules which will introduce kind of soft penalty routine, scheduling, high ancillary service fee and we take it from there. There is still a question of its not about balancing it's also about the remaining energy that needs to come from Eskom generation. If these are more legally separated you will need to have a separate contract with Eskom generation.
Dave Long Does an international wheeler (say EDM to BPC) have it any easier to wheel through SA than an internal SA wheeler? Price? Ease of access?	Stephane Barbeau The rules for import and export will be same one will be treated as the load and the other will be treated as production, it might not be the case in the beginning and again part of the market design- is there going to be open access on the board or not, maybe Eskom will keep having some monopoly on the boarders. Usually are basically the same systems with additional level of complexity, there is original arrangements to SAP. Where the TSO could collect wheeling fees to international transactions and these wheeling fees are not kept by the TSO, they are supposed to be used to reinforce the network.
Andrew Murray	Matt Ash

Do you think that blockchain and smart contracts have a role to play in all of this?	Yes. To pick from the earlier question If we are taking the incrementally steps let's get the market setup and operating before, we implement complexity such as blockchain.
Mark Currently is there a maximum term/duration that Eskom will impose vis-à-vis the supplementary agreement that the Eskom customers sign to enable a wheeling transaction?	Keith Bowen There isn't a maximum.
Hamid Babagheiby Is Negative wheeling cost possible? If yes, what does it mean?	Not answered

Session 2

Questions	Answers
Frank Spencer How will all this day ahead / balancing etc work within the SAPP?	Not answered.
Jenna Harris How does "day ahead" scheduling work for non-dispatchable power?	Not answered.
Frank Spencer It is weather prediction based?	Not answered.
Muhammed Could we potentially see a return to the REDs that were initially proposed in the late 90's/early 2000's. and if so, what will be the constitutional/legislative implications?	Not answered.
JM What balancing options do we currently have for oversupply? Except for pulling back output on coal.	Not answered.
Tim Shamrock With the proposed restructuring of the Eskom tariff to reflect a larger service fee and lower energy price, how will this affect the current wheeling framework from a cost perspective?	Not answered
Brian Day What do you mean when you refer to a Wheeling Agreement? Surely this is actually an arrangement involving PPA that includes	Garth Greubel It's a framework in respect to which there are several agreements and contractual agreements that need to be attended to.

the risk you refer to, Amendment to the CUoSA of the Generator, Amendment to the ESA of the of the Customer.	At the generator and the generator needs a connection and a user of system agreement with Eskom assuming they connecting to the Eskom network, and that agreement needs to have a wheeling etc as part of it. Assuming that the customer sits within the municipal distribution network then there needs to be an amendment to the electricity supply agreement that sits between Eskom and the municipality, and that amendment will allow for the reconciliation process for wheeling to take place. There's then the Supplier Agreement between the customer and municipality that also has to be amended to allow for the reconciliation process to take place. There is a PPA between the IRPP and the customer or if there is a trader there are two PPAs one between IRPP and the trader and the second one between the trader and the customer. So, the connection & use of system agreement governs how the generator puts the power into the grid and all the technical issues surrounding that. What NERSA requires is that there is a contractual relationship the municipality/ distribution license holder and either the trader or municipality and the IRPP to govern the wheeling of power.
Muhammed How the ED/ESG requirements of REIPPPP can be included in the willing buyer/willing seller paradigm??	Stephane Barbeau You will find that the buyer has its own ED, ESG, BE imperatives just from a supply chain and own compliance with codes framework and we find that what they are imposing on generators is a pass through of obligations. To ensure that the seller is the generators, and the contractors are maximising their proposals with regards to ED and ESG so that in turn they can benefit from the supply chain point of view. when dealing with these private arrangements this consideration will apply and the

	generator and contractors are going to be faced with the same requirements.
Andrew Gielink NERSA have a checklist to tick off. One of the items required to be ticked is that they have reviewed the PPA sharing of risks and whether the pricing is fair. Their mandate has not been amended to account for willing buyer willing seller situation. The administrative steps followed dogmatically by NERSA officials will need to be reviewed.	Matt Ash NERSA stakeholders are really trying to facilitate this. The registration requirements (NERSA checklist) is not in the Act itself and can be changed.
Hamid Babagheiby Is Negative wheeling cost possible? If yes, what does it mean?	Yes. Brian Day Only the losses aspect can be negative, but you still pay the Rural Electrification Levy (majority of the total cost)
Muhammed Do you think those corporate driven requirements extend beyond supply chain to as far as community ownership requirements?	Not answered.
Brian Day It is in Regulation (Minister can change) or in NERSA policy/process (NERSA can change)?	Les Kugel NERSA can change
Tim Shamrock With the proposed restructuring of the Eskom tariff to reflect a larger service fee and lower energy price, how will this affect the current wheeling framework from a cost perspective? (WEPS excl losses)	Andrew Gielink Eskom is increasing fixed cost component to limit risk associated with IPPs and own generation. If this is truly cost-reflective it will be painful but acceptable to wheeling generators, if it is exaggerated, it will be a problem.