



## GENERAL NOTICE

### UPDATE ON THE IMPLEMENTATION OF THE MODIFIED SINGLE BUYER MARKET MODEL AND THE PROMULGATION OF THE MARKET RULES

1. The Electricity Control Board (ECB) wishes to inform its esteemed Stakeholders that the Modified Single Buyer (MSB) market model has been effective as of 01 September 2019.

At the heart of the market structure is the belief that competition is the most efficient and effective mechanism to drive down electricity costs. The MSB is a further step by Namibia towards greater competition in the electricity industry.

- The MSB allows some electricity consumers and Independent Power Producers (IPPs) to transact with each other directly for the supply of a certain portion of their electricity requirements.
  - To participate in the new market structure, eligible customers need to be designated as “Contestable Customers” and sellers (Generators) need to be designated as “Eligible Sellers”.
  - Contestable Customers will need to register with the ECB and NamPower for their contestable quantity, while Eligible Sellers will need to comply with ECB licensing requirements and the MSB rules.
2. To allow more customers to become contestable over time, the implementation of the MSB has been designed to follow a phased-in approach process.
    - Phase 1a has been effective as of 01 September 2019 and will continue until end of June 2021. During Phase 1a Contestable Customers (Transmission connected Customers) may purchase up to 30% of their energy demand from Eligible Generators
    - Phase 1b will be effective from 01 July 2021 to end of June 2026. During Phase 1b, the following activities will be allowed:
      - Phase 1a activities,
      - Distribution connected customers connected at 1MVA and above may purchase up to 30% of their energy demand from Eligible Generators or Traders
      - Traders will be allowed to participate in the MSB market.
    - As of the end of May 2021, there were 15 registered Contestable Customers and 5 Eligible Sellers, and more

Market Participants applications are currently under review.

- Numerous Market Participants are also discussing final project terms for implementation.

3. MSB Market Rules

Section 3 (4) of the Electricity Act No.4 of 2007, states that *“Subject to this Act and the prior approval of the Minister, the Board may by notice in the Gazette make such rules and codes as it considers necessary in order to further its objects mentioned in subsection (1), including, rules and codes relating to –*

- (a) *the establishment, operation and administration of electricity markets, and the licensees and other persons operating on such markets and any other matter relating thereto, which includes the issuing of safety code and a grid code the latter setting out the reciprocal obligations of users of the transmission and distribution networks and the operation of the interconnected power system;*

- In accordance with the above-mentioned provision, the ECB in consultation with the ESI Stakeholders developed the MSB Market Rules to govern the bilateral transactions between Eligible Sellers and Contestable Customers under the MSB market model.
- The Market Rules provide for the regulation of the market in relation to Governance, Network Capacity Management, Bilateral trading Nomination, Balancing Mechanism, Metering and Settlement, Financial and Invoicing.
- The Market Rules were approved by the ECB Board and subsequently by the Minister of Mines and Energy.
- The approved Rules were submitted to the Minister of Justice for promulgation in the Government Gazette, which promulgation process is ongoing.
- Currently the market is operated and administered under the approved Market Rules and market participants are bound by the latest version of the approved Market Rules pending their promulgation.
- Promulgation of the Market Rules by the Ministry of Justice is anticipated to be completed soon.

For further information please visit our website at [www.ecb.org.na](http://www.ecb.org.na) or contact Mr Pinehas Mutota via email address: [pmutota@ecb.org.na](mailto:pmutota@ecb.org.na) or office number: 061 374 320.