



South African Photovoltaic Industry Association



SAWEM Market Code Version 2.3 Consultation

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1. Background and Context

The South African Photovoltaic Industry Association (SAPVIA) invited members to provide comments on Version 2.3 of the South African Wholesale Electricity Market (SAWEM) Market Code.

A consultation template was circulated to members covering key amendments introduced in Version 2.3, including changes to definitions, registration requirements, dispute management processes, Balance Responsible Party (BRP) obligations, qualification criteria, and Day-Ahead Market provisions.

The purpose of this report is to consolidate the feedback received and communicate the observations, concerns, and recommendations raised by participating members. This report does not represent a formal SAPVIA position and is intended solely as a summary of member input.

2. General/Cross cutting comments

2.1. Removal of Annexures to Standalone Rules

Feedback received regarding the removal of Annexures 1, 2, 4 and 6 and their incorporation into standalone SAWEM Rules reflected differing views among members.

Some members indicated support for the amendment and did not raise any concerns regarding the migration of annexure content into standalone rule documents.

Other members expressed partial support for the amendment. While acknowledging that the consolidation may improve the organisation and accessibility of the SAWEM framework, concerns were raised regarding the potential loss of technical and operational details previously contained within the annexures. It was noted that annexures often provide practical implementation guidance and detailed procedural requirements that assist market participants in understanding compliance obligations and operational expectations.

Emphasis was placed on ensuring that the transition from annexures to standalone rules does not result in the omission of substantive requirements or reducing regulatory certainty for market participants. The respondent highlighted the importance of preserving the same level of specificity and clarity that existed within the annexures, particularly for participants operating complex generation technologies and renewable energy facilities.

Recommendations

Recommendations raised through the consultation process included the development of a comprehensive cross-referencing guide or mapping document that clearly identifies where annexure provisions have been incorporated within the standalone SAWEM Rules. It was also

suggested that confirmation be provided that no substantive technical or operational content has been removed during the consolidation process.

Where highly technical provisions have been relocated, consideration was suggested for the retention of supplementary guidance documents or references to supporting technical standards.

The feedback suggests that while document consolidation may improve accessibility and streamline the regulatory framework, maintaining technical clarity and implementation certainty remains an important consideration for stakeholders.

3. Definitions

3.1. Removal of Definitions: “Balancing Service Provider” and “De Minimis Threshold”

Member feedback regarding the removal of the definitions "Balancing Service Provider" and "De Minimis Threshold" reflected differing perspectives.

One respondent indicated that the removal of these definitions does not present a concern and did not propose any amendments to the current drafting.

Another respondent expressed concerns regarding the potential implications for removing both definitions from the Market Code. Concern was raised regarding the role of balancing service providers in maintaining system stability and facilitating the balancing of supply and demand within the market. It was noted that the absence of a clear definition may create uncertainty regarding the responsibilities, obligations and participation requirements applicable to entities providing balancing services.

The respondent further highlighted the importance of the "De Minimis Threshold" in reducing unnecessary regulatory burdens on smaller market participants and distributed energy resources. Concern was expressed that the removal of this definition could increase compliance obligations for smaller participants and potentially create barriers to entry for emerging technologies and distributed generation projects.

Recommendations

Recommendations included consideration of reinstating the definitions or providing equivalent clarification elsewhere within the Market Code or associated Rules. Additional clarification regarding balancing service responsibilities and the treatment of smaller market participants was also suggested.

The feedback indicates differing views regarding the necessity of retaining these definitions. However, concerns raised were primarily linked to regulatory certainty, market participation

requirements and the continued integration of distributed energy resources and flexibility services.

3.2. Revised Definition: “Capacity Qualifying”

Some members supported the definition while others expressed partial support and noted that the revised definition should appropriately account for the characteristics of different generation technologies, including intermittent renewable generation and storage-integrated facilities.

4. Roles and Responsibilities

4.1. Renaming of Section and BRP Positioning

The amendment proposing the renaming of the section from "Balance Responsible Parties and Market Participants" to simply "Market Participants" generated substantive feedback from respondents, with comments largely centered on the continued visibility, clarity and treatment of Balance Responsible Party (BRP) obligations within the Market Code.

There was an indication that the revised structure does not provide sufficient clarity regarding BRP responsibilities and raised concerns that the change may dilute the prominence of BRP obligations within the overall market framework. The respondent noted that BRPs perform a distinct and critical function within the market architecture, particularly in relation to balancing activities, forecasting, scheduling and settlement processes. It was observed that integrating BRP provisions within broader market participant provisions may make it more difficult for participants to identify the specific obligations applicable to BRPs and may create uncertainty regarding accountability and compliance requirements.

It was further highlighted that the Market Code requires BRPs to conclude a Balancing Agreement with the Market Operator to facilitate Balance Responsibility. However, concerns were raised that the proposed agreement has not yet been made available to prospective BRPs for review and comment. The view expressed was that the Balancing Agreement should be fully aligned with the Market Code and should not introduce additional obligations or liabilities that are not contemplated within the approved regulatory framework.

Additional comments focused on operational aspects of BRP participation that remain unclear within the current draft. Reference was made to the provisions contained in SAWEM Rule 4 relating to BRP Day-Ahead Schedules, specifically the requirement that physical trades not confirmed by both BRPs before gate closure will be negated by the Market Operator. Feedback indicated that further clarification is required regarding the consequences of such trade negation, including the financial, operational and settlement implications for affected parties.

Questions were also raised regarding the practical implementation of the Market Price Cap provisions. It was noted that the current drafting allows multiple balancing payments to apply within a single trading period and requested additional guidance regarding how these

cumulative payments will be calculated and administered, particularly in situations where trading activity occurs above the Market Price Cap.

A further area of concern relates to the definition and communication of balancing groups and network zones. There was an indication that information regarding balancing group configurations has not yet been published and that this information is necessary for BRPs to make informed decisions regarding the structuring of their trading portfolios and balancing arrangements.

Specific comments were also received regarding the treatment of storage technologies, curtailment procedures and dispatch arrangements. Respondents observed that storage facilities should be allowed to compete on an equitable basis in balancing markets and that dispatch and curtailment decisions should be transparent, non-discriminatory and supported by clear published methodologies. Concerns were raised that the treatment of unpriced renewable generation and storage schedules, particularly where deemed prices are applied, may create unintended market distortions if not supported by transparent balancing and dispatching information.

Recommendations

- Providing a dedicated subsection within the Market Code that clearly sets out BRP obligations, responsibilities and accountability requirements.
- Publishing the proposed Balancing Agreement for stakeholder review prior to implementation and ensuring consistency between the agreement and the Market Code.
- Clarifying the consequences of trade negation and the treatment of affected transactions within settlement processes.
- Providing additional details regarding the application of the Market Price Cap and cumulative balancing payments.
- Publishing balancing group and network zone information as soon as practicable to support market participant preparedness.
- Introducing transparent balancing, dispatch and curtailment methodologies, together with regular reporting on dispatch outcomes and balancing actions.

The feedback suggests that while members generally recognize the intention to streamline the structure of the Market Code, there remains a strong desire for greater clarity regarding the specific obligations and operational requirements applicable to Balance Responsible Parties. Given the central role that BRPs will play in market operation, members emphasized the importance of maintaining regulatory certainty and ensuring that participants have sufficient information to understand and fulfil their responsibilities effectively.

5. Dispute Resolution Board (DRB)

5.1. New Qualification Criteria for DRB Members

The introduction of engineering and accounting experience requirements for members of the Dispute Resolution Board (DRB) received positive feedback. Some members indicated support for the revised qualification criteria and generally viewed the amendments as a positive development for the governance and credibility of the dispute resolution framework.

It was noted that disputes arising within a competitive electricity market frequently involve a combination of technical, operational, commercial and financial considerations. As the South African Wholesale Electricity Market evolves, disputes may increasingly involve complex matters relating to market settlements, balancing arrangements, dispatch instructions, network constraints, performance obligations, forecasting requirements and financial compensation mechanisms. In this context, respondents observed that the inclusion of individuals with engineering and accounting expertise is likely to strengthen the quality and robustness of dispute resolution outcomes.

Members further highlighted that engineering expertise will be particularly valuable when evaluating disputes involving generation performance, grid operations, balancing services, renewable energy integration and system reliability matters. Similarly, accounting expertise was viewed as important for assessing financial claims, settlement calculations, balancing payments and market transaction disputes.

While supporting the proposed criteria, it was suggested that consideration should also be given to ensuring an appropriate balance of expertise across the DRB. In addition to engineering and accounting competencies, they noted the importance of legal, regulatory and market design expertise in supporting comprehensive and well-informed decision-making.

Recommendations

- Maintaining the proposed engineering and accounting qualification requirements.
- Ensuring balanced representation across technical, financial, legal and regulatory disciplines.
- Considering ongoing professional development requirements for DRB members, particularly in relation to emerging market arrangements, renewable energy technologies and evolving market structures.

The feedback received suggests broad agreement that the revised qualification criteria will strengthen the capacity of the DRB to address the increasingly complex technical and commercial disputes that may arise within the wholesale electricity market.

6. Dispute Management

6.1. NERSA Mediation / Arbitration Option

Feedback regarding the introduction of NERSA mediation and arbitration as a dispute resolution mechanism was generally positive, although members identified several areas where additional clarity may be beneficial.

Some members did not raise specific concerns regarding the proposed amendment.

Whilst other members noted that providing market participants with an alternative dispute resolution mechanism may improve accessibility and reduce the time and cost associated with formal legal proceedings. It was observed that mediation and arbitration may assist in resolving disputes more efficiently while preserving commercial relationships between market participants.

At the same time, members highlighted the importance of clearly defining the scope and operation of the proposed mechanism. Attention was drawn to the dual role of NERSA as both market regulator and potential dispute resolution facilitator. They further indicated that additional clarification may be required regarding how independence and impartiality will be maintained where NERSA personnel are involved in mediation or arbitration processes.

Members also noted that uncertainty remains regarding the categories of disputes that may qualify for mediation or arbitration, the procedural timelines that will apply, and the extent to which decisions will be binding upon participants.

Recommendations

- Publication of detailed mediation and arbitration procedures.
- Clarification of the categories of disputes that may be referred to mediation or arbitration.
- Clear guidance regarding timelines, procedural requirements and participant rights.
- Clarification regarding the binding nature of decisions and available appeal mechanisms.
- Additional information regarding safeguards to ensure impartiality and independence.

The feedback suggests that members generally welcome the availability of additional dispute resolution options but believe that further procedural detail would improve certainty and confidence in the proposed framework.

6.2. Removal of Detailed DRB Procedures

Members expressed differing levels of concern regarding the removal of detailed DRB procedures from the Market Code.

Some members did not provide comments on the amendment.

Whilst some members expressed concern that the removal of detailed procedural provisions could create uncertainty regarding the way disputes will be managed and adjudicated. They further observed that detailed procedural rules contribute to transparency, consistency and predictability within dispute resolution frameworks and provide participants with a clear understanding of their rights and obligations throughout the process.

It was noted that procedural clarity becomes increasingly important where disputes involve significant financial exposure, technical complexity or potential operational consequences for market participants. Members suggested that the absence of detailed procedures within the Market Code may increase the risk of inconsistent application and procedural disputes.

Recommendations

- Publishing a dedicated DRB Procedures Manual or equivalent supporting document.
- Ensuring that detailed procedures remain publicly available and easily accessible.
- Including explicit references within the Market Code to the procedural framework governing.
- Providing clarity regarding timelines, evidence requirements, hearing processes and decision-making procedures.

The feedback suggests that while respondents understand the rationale for streamlining the Market Code, there remains a strong preference for retaining procedural transparency through supporting documentation.

7. Registration

7.1. Removal of BRP Registration Subsection

Feedback regarding the removal of the dedicated BRP Registration Subsection reflected differing levels of concern.

Members noted that BRPs perform a specialised function within the market and therefore require a clear and transparent registration framework. Concerns were raised that incorporating BRP registration requirements solely within broader market participant registration provisions may reduce visibility of the specific requirements applicable to BRPs.

Members observed that BRPs are responsible for managing balancing risks, forecasting obligations and settlement responsibilities, all of which require specialised capabilities and financial arrangements. Consequently, suggested that registration requirements applicable to BRPs should remain clearly identifiable and distinguishable from those applicable to other market participants.

Recommendations

- Retaining a dedicated BRP registration subsection within the Market Code.
- Alternatively, establishing a clearly identifiable BRP registration framework within the broader registration provisions.
- Clearly specifying any technical, operational and financial requirements applicable to BRPs.
- Providing guidance regarding the interaction between registration requirements and balancing agreements.

The feedback suggests that maintaining transparency regarding BRP qualification and registration requirements will assist market readiness and support participant confidence.

8. Day-Ahead Market

8.1. Removal of BRP Schedules

The proposed removal of BRP schedules from the Day-Ahead Market generated differing views among members. Some members indicated support for the amendment and did not provide additional comments.

Then other members expressed significant concern regarding the removal of BRP schedules, noting that these schedules serve as an important planning and coordination mechanism within wholesale electricity markets. Respondents observed that BRP schedules provide critical information to both the Market Operator and System Operator regarding expected energy injections and withdrawals, thereby supporting forecasting, dispatch planning and balancing activities.

Particular concern was expressed regarding the potential impact on market transparency and operational certainty. Members noted that accurate scheduling becomes increasingly important in systems with growing shares of variable renewable generation and storage technologies.

It was further observed that the removal of scheduling requirements may reduce visibility regarding expected market positions and increase balancing risks if alternative mechanisms are not clearly defined.

Recommendations

- Retaining BRP schedules as a formal component of Day-Ahead Market operations.
- Providing clear requirements regarding schedule submission, timelines and data standards.
- Considering mechanisms that accommodate the characteristics of variable renewable generation and storage technologies.
- Clarifying how alternative forecasting and balancing arrangements will operate if schedules are removed.

The feedback indicates that while respondents differ regarding the necessity of BRP schedules, concerns remain regarding the implications for market transparency, balancing efficiency and system reliability.

9. Qualifying Criteria

9.1. Performance Removed as Qualification Condition

Feedback received regarding the removal of performance as a qualification condition reflected differing views among members as some supported the amendment without further comment.

Members expressed concern regarding the removal of performance-related qualification criteria, noting that performance measures often serve as an important indicator of participant capability, reliability and compliance.

It was observed that qualification requirements are intended to protect market integrity and reduce operational risks by ensuring that participants possess the technical, financial and operational capabilities necessary to fulfil their obligations. The removal of performance-related requirements may therefore reduce the ability of the framework to distinguish between reliable and underperforming participants.

Particular attention was drawn to generation assets and balancing service providers, where historical operational performance may provide valuable information regarding future reliability and system contribution.

Recommendations

Retaining performance-based qualification requirements.

- Developing alternative capability assessment mechanisms if performance criteria are removed.
- Establishing objective and measurable qualification indicators that apply consistently across participant categories.
- Considering reliability, compliance and operational performance metrics where appropriate.

The feedback suggests that members recognise the need for proportionate qualification requirements but remain concerned that the complete removal of performance considerations may create unintended risks for market operation and system reliability.

10. Additional Comments

10.1. Additional Observations Raised by Respondents

In addition to comments on the specific amendments proposed within Version 2.3 of the SAWEM Market Code, members provided several broader observations relating to market design, governance arrangements, renewable energy integration, transparency, balancing arrangements and wholesale market implementation.

While the specific issues raised varied between members, several common themes emerged relating to transparency, regulatory certainty and the need for clear operational frameworks to support confidence in the implementation of the South African Wholesale Electricity Market.

10.2. Governance, Independence and Market Oversight

Members raised concerns regarding the institutional arrangements underpinning the proposed market structure. It was noted that the Market Operator, System Operator and Central Purchasing Agency (CPA) functions are currently housed within the National Transmission Company South Africa (NTCSA) and broader Eskom group structures, while Eskom Generation remains a dominant market participant.

They observed that although the Market Code defines the responsibilities of various entities, market participants may require additional visibility regarding the practical mechanisms that will ensure functional separation, independent decision-making and impartial market administration.

Emphasis was placed on the importance of transparency as a means of demonstrating that surveillance, dispatch, settlement and market administration activities are undertaken independently and consistently in accordance with the Market Code.

Related comments were received regarding the role of the Central Purchasing Agency and the importance of ensuring that its activities remain transparent and aligned with approved regulatory frameworks. It was further indicated that continued public visibility of key market activities may assist in building confidence among market participants during the implementation phase of SAWEM.

Recommendations

- Providing greater visibility regarding governance arrangements and decision-making structures.
- Publishing information that demonstrates operational independence between market administration functions and market participants.
- Establishing transparent monitoring and reporting frameworks relating to the activities of market institutions.
- Ensuring ongoing regulatory oversight of market governance arrangements.

The feedback suggests that confidence in market governance will be an important factor in supporting participant engagement and investment decisions as SAWEM is implemented.

10.3. Market Transparency, Price Formation and Dispatch Processes

A recurring theme throughout the consultation responses related to transparency in market operations, particularly regarding price formation, dispatch decisions and balancing activities.

Members noted that transparent price signals will be critical for supporting investment decisions, facilitating competition and ensuring confidence in the operation of the wholesale electricity market. Concerns were raised that market outcomes may be difficult to evaluate if sufficient information regarding bids, dispatch decisions, balancing actions and market interventions is not made available to participants.

It was highlighted that the importance of understanding how vesting arrangements, balancing actions and market interventions may influence market prices and investment signals. Suggesting that transparency regarding bidding behaviour, dispatch outcomes and market pricing methodologies would assist participants in understanding market outcomes and evaluating future investment opportunities.

Members further noted that dispatch and curtailment decisions should be implemented in a transparent, non-discriminatory and auditable manner. Focus was placed on the publication of information explaining dispatch decisions, balancing actions and curtailment events after their occurrence.

Recommendations

- Publication of market bid information, subject to appropriate confidentiality considerations.
- Greater visibility regarding dispatch outcomes and balancing actions.
- Publication of dispatch stack information and balancing methodologies.
- Transparent reporting of curtailment decisions and associated rationale.
- Regular publication of market performance data and operational statistics.

This suggests that enhanced transparency may contribute to improved market confidence, support competition and facilitate more informed investment decisions.

10.4. Balance Responsible Parties and Market Readiness

Several additional comments related to the implementation framework for Balance Responsible Parties (BRPs) and the practical readiness of participants for market commencement.

It was indicated that key implementation elements remain under development, including balancing agreements, balancing group structures and operational procedures. While acknowledging that these matters may be addressed through supporting rules and implementation processes, respondents noted that clarity regarding these arrangements will be important to enable participants to prepare adequately for market participation.

Specific reference was made to the need for additional information regarding balancing agreements, balancing group configurations and settlement arrangements. Members observed that these elements will influence commercial arrangements, operational processes and risk allocation among market participants.

Comments were also received regarding existing wheeling arrangements and private power purchase agreements. Some members suggested that consideration may be given to transitional arrangements for existing contracts that were concluded prior to the development of the SAWEM framework. It was noted that a phased implementation approach may assist participants in adapting existing contractual arrangements to the new market environment.

Recommendations

- Publication of outstanding balancing agreements and supporting documentation.
- Early communication regarding balancing groups and network zones.
- Additional stakeholder engagement regarding implementation requirements.
- Consideration of transitional arrangements where appropriate.
- Ongoing communication regarding market readiness milestones and implementation timelines.

This indicates that respondents view implementation certainty as an important component of market preparedness and successful participation.

10.5. Renewable Energy Integration and Flexibility Services

Members emphasised the importance of ensuring that the Market Code adequately accommodates the characteristics of renewable energy technologies and emerging flexibility resources.

It was observed that increasing levels of solar PV, battery energy storage and hybrid generation facilities are likely to play an important role in South Africa's future electricity supply mix. Members therefore suggested that market arrangements should appropriately recognise the operational characteristics of these technologies while ensuring fair and efficient participation within the wholesale market.

Comments highlighted the importance of forecasting frameworks, balancing arrangements, curtailment procedures and grid access requirements that are compatible with variable renewable generation. They further noted that battery energy storage systems and advanced inverter technologies may provide valuable ancillary services that contribute to system reliability and operational flexibility.

Recommendations

- Further consideration of renewable energy integration requirements within supporting rules and procedures.
- Development of transparent forecasting and curtailment frameworks.
- Recognition of flexibility services provided by storage and hybrid facilities.
- Establishment of clear ancillary services participation arrangements.
- Consideration of technology-neutral approaches that accommodate a diverse range of generation technologies.

This feedback confirms that members view the effective integration of renewable energy and flexibility resources as an important consideration for the long-term success of the wholesale market.

10.6. Wholesale Tariff Methodology Considerations

Members provided comments relating to the accompanying wholesale tariff framework and its interaction with the proposed market arrangements.

Comments focused on the interaction between capacity-related charges, ancillary service charges and broader market pricing mechanisms. Members indicated that additional clarity may be beneficial regarding the allocation of costs and the treatment of participants contributing to system reliability through generation, storage or flexibility services.

Further observations were made regarding alternative approaches to tariff design, including arrangements that provide clearer separation between transmission charges, market prices and contract-based pricing mechanisms. Members suggested that transparency and predictability in tariff structures may assist participants in evaluating commercial opportunities and investment decisions.

Recommendations

- Clarification regarding the interaction between different tariff components.
- Transparency regarding cost allocation methodologies.
- Consideration of approaches that improve pricing transparency and predictability.
- Continued stakeholder engagement regarding tariff implementation.

11. Conclusion

The consultation responses received reflect a range of perspectives regarding the proposed amendments contained in Version 2.3 of the SAWEM Market Code.

Members generally acknowledged the significant progress represented by the development of a comprehensive wholesale electricity market framework and recognised the importance of establishing a competitive and transparent market structure to support South Africa's evolving electricity sector.

At the same time, it was identified several areas where additional clarity, refinement or supporting information may strengthen implementation and improve regulatory certainty. Recurring themes included the need for transparent governance arrangements, clearly defined BRP obligations, robust dispute resolution frameworks, transparent dispatch and balancing processes, effective renewable energy integration mechanisms and ongoing stakeholder engagement throughout implementation.

Overall, the feedback received suggests broad support for the continued development of the SAWEM framework, accompanied by recommendations aimed at improving clarity, transparency and operational readiness prior to implementation.

This report reflects the views and observations submitted by SAPVIA participating members and is intended to communicate stakeholder feedback for consideration during the consultation process. The report does not constitute a formal SAPVIA position.



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