



Road to SAWEM 2026

The Role of the Market Participant

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The Role of a Market Participant and Compliance Measures

Balance Responsible Parties (BRPs) play a critical role in energy markets as they are tasked with maintaining a balance between energy production and schedules.

1. The Role of a Market Participant in the Market

According to the Market Code (MC), Market Participant means a Party that has elected and is compliant to participate in the Day Ahead and Intra-Day Markets within the SAWEM, and is a BRP for trades carried out on these platforms. This will include all such entities as generators, distributors, LPUs, and Traders, who will need to complete a number of steps in compliance with the SAWEM code (regulations). Entities opting not to be a MP will continue as either a Municipal customer or Eskom direct customer, under the Balancing control of Eskom Dx.

In the phased market approach, the BRP and the MP are phased in successively, but they ultimately coincide in their roles in the market. The initial BRP role will extend to all generators of 10MW or greater capacity regardless of whether or not they elect to be a MP. All MP's, however, must be BRPs. The benefit of being an MP is to gain access to lower cost and more flexible contracting available through the market and in the longer term to potentially offer ancillary or other services to support SO needs for balancing, capacity and green credits.

An MP performs several key functions:

- Sending generation or demand bids to the Market Operator (MO) for bid matching.
- Receiving final schedules from the MO, which are shared with the SO for dispatch.
- Monitoring schedule performance during delivery and reducing imbalances through intra-day market participation or ancillary services - although these functionalities may not be available at launch.
- Handling after-the-fact accounting of imbalances and paying or receiving payments based on the MO's determinations.

Market participants may or may not be eligible for regulation capacity payments from the MO. Such payments, outlined in Market Code 13, apply to generators eligible under the balancing mechanism. This will only apply once the balancing price mechanism is operationalised which

likely will not happen from day one of market operations. Payments will apply to generators and loads that can be curtailed according to the Market Code's definition.

2. What Participants need to Perform as MPs in SAWEM

a. Forecasting and Bidding Capability

A number of MP activities will be directly related to balancing. In the day ahead market, each MP forecasts demand for each of the twenty-four (24) hours (Trading Periods) of the following day (Dispatch Day) commencing at hour ending 01:00 and terminating at hour ending 24:00 (Market Code 9.4). Generators and/or traders declare their availability and prices for each of those hours together with unit flexibility capabilities (e.g. provision of reserves). They submit hourly bids for their available volumes (MW) and the prices (R/MWh) they are prepared to accept into the market.

Buyers (LPU's and/or Traders) submit hourly bids with their required volumes and prices they are prepared to pay. These shall be submitted to the MO by 10:00 on the day before dispatch (delivery) day.

Indicative schedules for six days following the dispatch day shall also be submitted (market code 9.0). The MO runs a bid matching process to discover an unconstrained clearing price and clearing volume at the crossing point of supply and demand curves.

All matched participants will pay for their volumes at the market clearing price (MCP) and results are shared with bidders. When accepted, a schedule is shared by the MO with the SO for delivery the following day. Each seller and each buyer are bound by the dispatch schedule given to the SO to generate or withdraw power at the given rates (MW/MWh).

MPs must build capacity for accurate forecasting and bidding procedures. Where necessary, and especially for distributors, load forecasting tools need to be procured, and staff get trained in their use. Generators (IPPs) and traders need accurate weather forecasting tools so that they are able to predict solar and wind capabilities for the following day. Other generating sources need access to accurate generation availability figures in order to limit mismatches between schedules and actual generation and reduce imbalance penalty charges.

b. Information Exchange

Effective communication and data exchange between MPs, MOs, and SOs are critical for smooth market operations and accurate scheduling, operational stability, and financial settlement. This is done accordance with Market Codes 7.3 to 7.6 and includes plant, network, metering, banking, trading identifiers of units and traders, trading unit capabilities, fuel resource position and unit production limitations amongst other data.

When there are changes to such data, MPs are required to notify the MO. If this data is not exchanged in reasonable time an MP may not be able to trade in the market. Data exchange includes demand forecasts from their customers, coordinating generation and consumption positions to submit balanced bids, and exchanging operational data to reduce imbalance risks.

c. Metering

All MPs must have metering at all points of power exchange (Points of Delivery) so that power flows may be measured and the data collected and exchanged with all relevant parties that include the SO, MO, Traders etc. Each metering point must be registered with its locational coordinates. A procedure for registering and de-registering of meters must be established by the MO and MPs must comply with the procedure. They must register their meters.

The metering standards must comply with grid code standards and must be certified for use. Main and check meters are normally required. MPs must ensure that their meters meet the required standards. Unavailability or wrong metering data leads to financial consequences as participants may be inaccurately billed.

d. Contractual Agreements

MPs must adhere to the Market Code and be bound to its requirements through the MP concluding a Market Participant Agreement with the Market Operator to facilitate trade with the MO (clause 3.4 of Market Code). MPs must complete application forms and be admitted before they can operate in the market. A fee may be charged for processing the application.

e. Transaction Settlement Requirements

MPs must open trading accounts at the transaction clearing bank (Market Bank) nominated by the MO to enable the MO to move funds and pay for transactions entered into.

MPs must open both operating and collateral accounts and nominate a credit cover instrument acceptable to the MO as per item 6. 2 of the Market Code. The applicant shall nominate its credit cover instrument. The MO must be authorised to move funds to pay for transactions. MP must be ready to replenish security account when it has been drawn down lest it be prepared to be barred from trading.

Each Party must open its operating and credit cover accounts before they may be allowed to trade. The quantum of credit cover still has to be decided by the MO.

f. Trading Procedures

MPs need to understand market rules and all trading procedures that include balance responsibility, bid submission and transaction settlement. Training on the rules and procedures is required to bring all participants to the same level of understanding and prepare them for performing their individual roles in the market. Without training there will be discordance in the market leading to inefficient trading, disputes and/or system instability.

g. Trading Tools and Technology

MPs must have systems that are compatible with the MO system, and they must be given trading codes for them to be able to enter bids and receive results.

MPs need reliable telecommunications systems so that they may be able to trade without interruptions. Large MPs like distributors may need a good SCADA system for high system visibility and data collection. MPs need to review their systems for compliance and close all identified gaps.

h. Capacity building and Trader certification

MP staff needs to be trained on the functioning and requirements for SAWEM so that they are prepared for their role in a new market environment. They need to understand the roles and responsibilities of the entities they will be interacting with and their own roles, responsibilities

and obligations. They will need to understand the market rules and procedures that apply to each entity. Traders will need to be certified before they can get trading codes that allow them to submit bids and receive results. Participants will be required to attend the Market School courses to prepare them for their roles.

Next steps for entities to consider in preparation for becoming a Market Participant

1. Each entity to decide on whether or not to qualify as a MP. If so, specify the role it will play in the market (e.g., generator, LPU, trader, not participate)
2. Submit required technical and company information (plant, units, fuel, identifiers, etc.)
3. Conclude Market Participant and Balancing Agreements with the MO
4. Traders to be trained, certified and receive trading codes from the Market Operator
5. Register metering points and ensure compliance with Grid Code metering standards
6. Set up operating and collateral accounts with the Market Bank
7. Ensure forecasting and bidding systems are in place and compatible, including accurate weather forecasting.
8. Build capacity for effective information exchange and coordination with the MO and SO.
9. Prepare and test day-ahead bids and participating in the market
10. Prepare for the inclusion of intra-day markets to allow for adjustments in forecasts and capabilities during the delivery period.

3. Summary of Risks and Readiness Chek List

Category	Risk	Impact	Readiness Check List			
				LPU	IPP	Trader
Forecasting and Bidding Capability	System instability and imbalance penalties due to poor or lack of capacity for accurate forecasting and bidding	Market inefficiency with unnecessary costs	Acquisition of generation and load forecasting tools			
			Training of staff in accurate forecasting and bidding procedures			
			Access to accurate generation availability figures			
Metering	Inaccurate billing due to non-conforming meters	Disputes and market distortions	MPs adhere to specified metering standards			
			Meter identification and registration			

Contractual Agreements	Inability to trade if not admitted by MO	Financial loss due to lost trading opportunities	MP to conclude Market Participant Agreement with the MO			
Transaction Settlement	Inability to trade in the market if Party does not have requisite operating and collateral accounts	Financial loss due to lost trading opportunities	Each MP must open its operating and credit cover accounts			
			MO to decide on quantum of credit cover	Mo to execute		
Trading Procedures	Inefficient trading in the market	Discordance in the market leading to inefficient trading, disputes and/or system instability	Training on market rules and procedures			
			Attend market school			
Trading Tools and Technology	Inefficient and inconsistent trading in the market	Inability or unnecessary interruptions in trading	Acquisition of systems that are compatible with the MO system			
			Availability of reliable telecommunications systems			
		Poor visibility and data collection from network	Availability of SCADA system to Big MPs and data collection			
			Review systems for compliance and close all identified gaps			
Capacity Building	Inability and/or inefficient trading	Financial loss due to lost trading opportunities	Training on roles and responsibilities of the entities they will be interacting with			
			Training on understanding own roles, responsibilities and obligations			
			Training on understanding of market rules and procedures			
			Training for certification to trade			