RULES FOR ELECTRICITY TRADING

Version 03

30 May 2026

Issued by
The National Energy Regulator of South Africa
526 Madiba Street
Arcadia, Pretoria
0083

Contact Details:

Tel: +27 (0)12 401 4600
Fax: +27 (0)12 401 4700
www.nersa.org.za

Table of Contents

1. INTRODUCTION AND BACKGROUND

The Rules for Electricity Trading ('the Trading Rules') are made pursuant to sections 35(1) and 35(3)(c), (d), and (k) of the Electricity Regulation Act, 2006 (as amended in 2024), which empowers the National Energy Regulator of South Africa (NERSA). The Rules recognise the diversity of customer segments within the electricity market, including both small-scale residential consumers and large commercial and industrial customers. These segments differ significantly in their technical capabilities, contractual sophistication, and regulatory needs. Accordingly, the Trading Rules are intended to support differentiated treatment that reflects the commercial realities of large customers, who typically negotiate bespoke power purchase agreements (PPAs) and supply agreements on an equal footing with traders, while ensuring appropriate protections for residential and small business consumers.

2. OBJECTIVES

2.1 The objectives of the Trading Rules are to:

i) provide a clear framework to govern trading activities at retail level during the transition to a competitive retail electricity market;
ii) enable the orderly and efficient development of the retail electricity market and customer choice in electricity supply;
iii) establish competitive neutrality between incumbent distributors and new market entrants by preventing the uneconomic bypass of network, generation capacity, legacy, subsidy and policy costs;
iv) promote competition, innovation, and efficiency in electricity supply by ensuring non-discriminatory access to distribution networks for all market participants;
v) ensure the financial sustainability of the electricity supply industry;
vi) protect consumer interests during market transition; and
vii) provide clarity on the rights and obligations of generators, traders, primary retailers, network service providers and consumers.

3. APPLICABILITY

3.1 The Trading Rules shall apply to the following:

i) All licensed traders operating in the Republic of South Africa.

ii) Network service providers (NSPs) currently operating under distribution licences.

iii) All retailers currently operating under distribution licences.

iv) All generators of capacity >100 kW that are: a) registered with NERSA and b) involved in bilateral agreements, supplying wheeled energy directly to consumers or via traders, facilitated by PPAs.

v) Persons licensed to import and export electricity, in relation to that portion of cross-border trading activity which takes place within the borders of South Africa.

3.2 These Trading Rules must be read in conjunction with the Electricity Pricing Policy and the Regulatory Rules on Network Charges for Third-Party Wheeling of Energy (2024). To the extent of any inconsistency between these Trading Rules and the Wheeling Rules in respect of transactions conducted within the South African Wholesale Electricity Market (SAWEM), these Trading Rules shall prevail. The Wheeling Rules shall continue to apply to bilateral wheeling transactions outside the scope of SAWEM until such time as they are formally revised or repealed.

3.3 Relationship with the Wholesale Market Code:

3.3.1 These Trading Rules have been developed in anticipation of, and in alignment with, the draft Wholesale Market Code. Upon approval of the Market Code by NERSA, the Market Code shall prevail over these Trading Rules in the event of any inconsistency for all SAWEM participants, subject to any further amendment to either the Market Code or the Trading Rules as may be determined by NERSA. Provisions of these Trading Rules that are incorporated into or superseded by the Market Code shall cease to apply to the extent of that incorporation or supersession. NERSA shall, within 12 months of approval of the Market Code, review these Trading Rules to identify and gazette provisions to be migrated, revised or repealed.

4. DEFINITIONS

Any words not defined in these Trading Rules shall have the meanings assigned to them in both the Electricity Regulation Act, 2006 (Act No. 4 of 2006) (‘the ERA’) and the Electricity Regulation Amendment Act, 2024 (Act No. 38 of 2024) (‘the ERAA’) and the Codes approved by NERSA. In the event of conflicting definitions, the definitions contained in the ERAA shall take precedence:

Act	means the Electricity Regulation Act, 2006 (Act No. 4 of 2006) and as amended in 2024.
Ancillary services	means those services necessary to support the continuous and secure operation of an electric power system and necessary to maintain reliable operations of the national

transmission power system and interconnected distribution power systems, including, but not limited to, those services necessary for voltage and reactive power control, automatic generation control, frequency control and black start capabilities.

Balance responsible party (BRP) means a licensed or registered generator, distributor or trader that is responsible for balance responsible activities, and which is accountable through the balancing mechanism for deviations. It has the same meaning as in the draft Market Code v2.1.

Captive customer or non-contestable customer means a consumer who is not a contestable customer and must purchase electricity from their Primary Retailer at tariffs approved by NERSA.

Contestable customer means a consumer who, depending on their connection characteristics and the applicable market phase, is eligible to: (i) enter into direct supply agreements with traders or generators; (ii) negotiate commercial terms for the competitive supply of electrical energy; and (iii) from Phase 3 onwards, switch their primary retailer to an alternative licensed retailer.

Codes mean the South African Grid Code, the Distribution Code, or any other code approved by NERSA, as may be applicable.

Commercial customer means a juristic person purchasing electricity for business or industrial purposes.

Consumer means any person or entity that purchases electricity or a service relating to the supply of electricity.

Designated retailer

means the retailer licensed by NERSA to serve customers in a specific jurisdiction (unless such consumers elect an alternative primary retailer) and to offer regulated tariffs.

Direct Supply Agreement (DSA)

means an agreement for the sale of electricity between a generation licensee or registrant or trader, acting in its capacity as such, and a customer, whether such electricity is supplied directly or through a transmission power system or a distribution power system, provided that the customer is not a transmitter, distributor or system operator or trader.

Distribution licensee

means a holder of a licence to operate a distribution power system.

Electricity Supply Agreement (ESA)

means the agreement between a primary retailer and a consumer for the connection to and use of the network, including any purchases from the primary retailer of energy and associated services enabling the delivery of energy, including capacity charges associated with the delivery of energy. An ESA may be entered into with any consumer category.

Electricity Trading Agreement (ETA)

means an agreement, such as a Power Purchase Agreement, for the sale, purchase or exchange of electrical energy or electricity-related services between two or more market participants acting in a wholesale capacity, including bilateral contracts, aggregator-led arrangements and multilateral transactions conducted through approved trading platforms. An Electricity Trading Agreement does not include agreements where the purchaser is an end-use consumer.

Electricity Pricing Policy (EPP) means South African Electricity Supply Industry: Electricity Pricing Policy, dated 12 December 2008, including subsequent amendments thereto.

Eskom means Eskom Holdings SOC Ltd, Reg. No.2002/015527/30, a state-owned company incorporated in terms of the Eskom Conversion Act, 2001 (Act No. 13 of 2001).

Full requirement customer means a consumer who purchases all their electricity supply from their primary retailer and has not entered into any direct supply agreements with a trader or generator.

Generator means a person who generates electricity.

Meter data means information collected from a meter regarding the quantity of energy consumed or exported, the charges payable by a consumer and the meter installation.

Market Code means the market code developed by the Market Operator in terms of section 34B(3)(b) of the Electricity Regulation Act, as amended from time to time.

Market Operator means a person licensed to operate a trading platform for power market participants and who takes no ownership of the energy traded

Metering point means a consumer's or generator's connection to the network at which a meter records energy imported or exported from/to the network for the purposes of settlement, and which is assigned a unique metering point identifier.

NERSA means the regulatory authority established in terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), or its legal successor.

Network	means the electrical infrastructure over which electrical energy is transported from the source to the point of consumption, either a transmission power system or distribution power system.
Network service provider (NSP)	means a person licensed by NERSA in terms of the Act to operate transmission or distribution facilities.
Non-bypassable charges	means a charge that must be paid by all grid-connected customers regardless of their choice of supplier of electrical energy or extent of self-generation.
Power Purchase Agreement	means an agreement between a generator and buyer, for the sale and purchase of electricity or electricity generation capacity.
Primary retailer	means the single licensed distributor to whose network a consumer is connected and with whom that consumer holds an Electricity Supply Agreement for that metering point.
Retailer	means the entity that sells electrical energy to a consumer, either as a primary retailer through an ESA or as a trader through a Direct Supply Agreement.
Retailing	means the activity of purchasing energy and on-selling it to a consumer, whether undertaken by a distributor acting in its capacity as a retailer or primary retailer, or by a trader.
Residential customer	means a natural person purchasing electricity for household or domestic use.
Seller	means any natural person or juristic person authorised to sell electricity in terms of the Act and these Trading Rules and includes licensed traders and licensed or registered generators.

Supply means the delivery of electrical energy and associated services, including ancillary, capacity and balancing services, to a consumer or market participant through generation, transmission, distribution or trading activity conducted in terms of the Act and these Rules.

Surcharge means a charge in excess of the municipal cost of supply that a municipality may impose on fees for a municipal service provided by or on behalf of a municipality, in terms of section 229(1)(a) of the Constitution and the Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007).

Tariff means a charge to a consumer in respect of a licensed activity or registered activity, other than a surcharge, tax, levy or duty imposed by a municipality in terms of section 229 of the Constitution of the Republic of South Africa, 1996.

Third-party wheeling means the conveyance of electrical energy generated at one location and sold to a customer at another location through the licensed transmission or distribution network of a network service provider, under arrangements that encompass financial and contractual obligations.

Top-up customer means a consumer who has entered into one or more direct supply agreements (DSAs) and whose primary retailer supplies only the residual electricity requirements not met by DSA deliveries.

Top-up energy means the additional energy supplied to a consumer whose total metered energy consumption exceeds the quantity of energy supplied to it under one or more direct supply agreements with traders or generators.

Trader	a juristic person licensed by NERSA in terms of the Electricity Regulation Act to buy and sell electricity as a commercial activity, whether at wholesale or retail level.
Trading	means the wholesale or retail buying [or] and selling of electricity [as commercial activity], and ‘trade’ has corresponding meaning.
Trading licence	means a licence granted by NERSA to trade in electricity in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006).
Trading Rules	means these Trading Rules, made by NERSA in terms of sections 35(1) and (3) of the Act.
Trading platform	means a platform where power market participants conduct trade
Third-party wheeling	means the conveyance of electrical energy generated at one location and sold to a customer at another location through the licensed transmission or distribution network of a network service provider, under arrangements that encompass financial and contractual obligations.
Uneconomic bypass	means the ability of a grid-connected consumer, under volumetric tariff structures, to reduce their consumption of network-supplied electrical energy (whether through self-generation or procurement from a licensed trader or generator via wheeling) in a manner that enables the consumer to avoid (i) proportionate contribution to network costs, generation capacity costs, without a corresponding reduction in the cost of making those services available to that consumer and (ii) their fair and proportionate contribution to the recovery of subsidies and legacy costs associated with the procurement of power under section 34 determinations, and other policy-related costs.

Virtual wheeling	means third-party wheeling facilitated through SAWEM in which wheeled energy is allocated across one or more meter supply points of one or more contestable consumers without a dedicated physical supply path between a specific generator and each meter supply point, as distinct from conventional bilateral wheeling under a Direct Supply Agreement.
Volumetric tariff	means a tariff structure where costs are recovered primarily through energy charges expressed in cents per kilowatt-hour (c/kWh).
Wheeling credit	means wheeling credit rate tariff multiplied by wheeled energy.
Wheeled energy	means electrical energy that is generated at a registered generation metering point and delivered to a contestable consumer's meter supply point through the transmission or distribution network of a network service provider, whether under a Direct Supply Agreement in the case of conventional bilateral wheeling, or allocated through SAWEM in the case of virtual wheeling.
Wheeling Rules	means the Regulatory Rules on Network Charges for Third-Party Wheeling of Energy, 2025, issued by NERSA in terms of section 35 of the Act.
Wholesale market	means the market in which electrical energy, generation capacity, ancillary services, forward contracts and other electricity market products are bought and sold between generators, traders, retailers and other market participants, whether through the South African Wholesale Electricity Market, forward and contract markets, or bilateral arrangements.

5. ABBREVIATIONS AND ACRONYMS

ANBC	Accelerated Non-Bypassable Charge
CPPA	Customer Power Purchase Agreement
DCUoSA	Distribution Connection Use of System Agreement
DSA	Direct Supply Agreement
ERA	Electricity Regulation Act, 2006 (Act No. 4 of 2006)
ERAA	Electricity Regulation Amendment Act, 2024 (Act No. 38 of 2024)
ESA	Electricity Supply Agreement
HV	High voltage
LV	Low voltage
MV	Medium voltage
NBC	Non-bypassable charge
NERA	National Energy Regulator Act, 2004 (Act No. 40 of 2004)
NERSA	National Energy Regulator of South Africa
NMD	Notified Maximum Demand
NSP	Network Service Provider
PPA	Power Purchase Agreement
SAPP	South African Power Pool
SAWEM	South African Wholesale Electricity Market
SMP	System Marginal Price
TOU	Time-of-Use
UoS	Use of System

6. LEGISLATIVE AUTHORITY

Section 35(1) of the ERA (regulations, rules, guidelines, directives and codes of conduct and practice) empowers NERSA to make guidelines, codes and rules after consultation with various stakeholders. This section states that NERSA may make guidelines and publish codes of conduct and practice or make rules by notice in the Gazette. Section 35(3)(c), (d) and (k) empowers NERSA to make rules in relation to the operation, use and maintenance of transmission and distribution power systems, trading and any other ancillary or administrative matter for which it is necessary to make rules for the proper implementation of the Act.

7. PHASED IMPLEMENTATION

7.1 **Overview**

7.1.1 Retail competition is to be introduced in four progressive phases. These Rules address Phases 1 and 2 only. The framework for Phases 3 and 4 is set out in Appendices A and B, respectively, with further detail to be provided in future versions of these Rules.

7.1.2 Contestable consumer eligibility expands progressively from consumers with a notified maximum demand (NMD) of not less than 1 MVA in Phase 1, irrespective of network voltage level, to all consumers by Phase 3. During Phase 1, contestable consumers must additionally satisfy the technical readiness requirements set out in clause **Error! Reference source not found.**, including interval metering, time-of-use (TOU) tariff structures and compliance with applicable Grid Code standards.

8. GRANDFATHERING

8.1 Grandfathering of Agreements Entered Into Before Phase 1

8.1.1 All power purchase agreements (PPAs) entered into before the commencement of Phase 1 shall have their bilateral commercial terms between the generator or trader and the customer grandfathered and remain valid and enforceable.

8.1.2 Scope of grandfathering

Grandfathering applies only to:

- the bilateral commercial terms agreed between the generator or trader and the customer, including volume commitments, term and other contractual provisions;
- the right of customers to continue to wheel power from the trader or generator; and
- the ability to net PPA energy against total metered consumption.

8.1.3 Limitations on grandfathering

Grandfathering does not extend to the following:

i. Elements of the arrangement that rely on services provided by distributors in their capacity as network service providers or retailers. For the avoidance of doubt, grandfathering does not extend to tariffs prevailing prior to tariff reforms required to facilitate the introduction/increase in the quantum of NBCs, as discussed in clause 9 of these Trading Rules.

ii. Wheeling credit mechanisms or compensation arrangements.

iii. Billing, settlement, or allocation procedures.

9. TARIFF REFORM AS A PRE-REQUISITE TO FAIR RETAIL COMPETITION

9.1 The National Energy Regulator of South Africa (NERSA) hereby makes a binding commitment, as set out in these Trading Rules, to develop and implement tariffs that ensure non-bypassable charges (NBCs) cannot be bypassed by any grid-connected customer. This commitment is grounded in the principles of sound regulatory practice and is essential to safeguard the financial sustainability of the electricity sector during the phased opening of the retail electricity market.

9.2 To address the risk of customers circumventing NBCs – whether through distributed energy resources or alternative suppliers – NERSA will:

- mandate the application of NBCs to all grid-connected customers, regardless of their self-generation capacity or supplier selection;
- structure NBCs to guarantee the full recovery of network and fixed costs necessary for the maintenance and operation of the electricity system;
- determine NBCs based on each customer's proportional use of the network and their fair contribution to system-wide policy costs, in line with these Trading Rules and international regulatory best practices; and
- ensure that the categories of costs and subsidies recoverable through NBCs, as detailed in clause 11 of these Trading Rules, form the basis for tariff restructuring during the transition to a competitive retail market.

9.3 **Execution of Commitment**

9.3.1 While this commitment is established in these Trading Rules, the detailed implementation will be executed through a separate regulatory instrument – the reformed Wholesale Tariff Methodology – which will be made available and enforced as soon as it is approved by the Energy Regulator. This approach ensures that, by the time the South African Wholesale Electricity Market (SAWEM) is launched, both wholesale charges and retail tariff structures are fully aligned and approved by NERSA, preventing any bypass of NBCs and supporting fair and equitable competition in the electricity market.

10. RULES GOVERNING PHASE 1 TRADING ACTIVITIES

10.1 **Eligible Generators**

10.1.1 Traders and prospective traders must procure electricity exclusively from generators with a capacity greater than 100kW that are either licensed or registered with NERSA, in accordance with the Electricity Regulation Act, 2006 ('the ERA') and any amendments thereto. Electricity generated by facilities exempt from licensing or registration under the ERA shall not be eligible for wholesale or retail electricity trading, including, but not limited to:

- generation facilities with a capacity of less than 100kW;
- standby or back-up generation facilities; and
- generation facilities without a point of connection.

10.1.2 This provision ensures that all traded electricity originates from regulated generation sources that comply with the technical, commercial, safety, and compliance obligations enforceable under the ERA, as amended.

10.2 **Contestable Consumers**

10.2.1 During Phase 1, contestable customers must be connected to the high voltage (HV), medium voltage (MV), or low voltage (LV) networks of Eskom Distribution or a municipality, with a notified maximum demand (NMD) of ≥1MVA. Contestable consumers must also satisfy the technical readiness requirements, including interval metering, TOU tariff structures and compliance with applicable Grid Code standards.

10.2.2 Subject to clause **Error! Reference source not found.** above, a contestable consumer is eligible to enter into one or more direct supply agreements (DSAs) with licensed traders or generators, to facilitate conventional bilateral wheeling.

10.3 Trading Restrictions – Phases 1 and 2

10.3.1 Each consumer shall have a single primary retailer for each metering point, with which the consumer holds an Electricity Supply Agreement (ESA). During Phases 1 and 2, the role of primary retailer is reserved exclusively for licensed distributors. No switching of primary retailer is permitted during Phases 1 or 2, except as provided in Phase 3 in Appendix A. The secondary trading of DSAs is not permitted during Phases 1 or 2.

10.3.2 Each licensed distributor shall act as the designated primary retailer for contestable consumers connected to its network throughout Phases 1 and 2, unless and until NERSA appoints another person to fulfil that role.

10.4 Licensing Requirements

10.4.1 All entities participating in trading activities are required to possess a valid Trading licence issued by NERSA, in accordance with the provisions of the Electricity Regulation Act, as amended. Any trader seeking to obtain a trading licence must submit an application in compliance with the applicable licensing rules and provide, at a minimum, the following documentation:

- A fully completed trading licence application form.
- PPAs concluded with new generation facilities.
- Registration certificate proving that the generator is registered with NERSA.
- Draft amended Distribution Connection Use of System Agreement (DCUoSA) that explicitly identifies the customers receiving wheeled energy.
- If the electricity will be wheeled through a municipal grid, minutes of the council resolution that the trader can serve in their area of supply and a commitment to facilitate ESA and wheeling agreements.
- DSAs with customers to be supplied.
- Amended ESA reflecting the licensed trader as an additional supplier or a letter from the primary retailer confirming that the ESA will be amended accordingly, to enable the primary retailer to identify and account for wheeled energy in its billing and reconciliation processes

- An Excel-based financial model detailing projected costs for buying and selling electricity, including wheeling and system usage costs, reconciliation of accounts, and distributor administration costs. These projections should align with the terms of the PPAs.
- Company registration documents (CIPC) and shareholding structure.
- Description of the applicant, including vertical and horizontal relationships with other persons engaged in the operation of generation, transmission and distribution facilities, the import or export of electricity, trading, market operation, system operation or any other prescribed activity relating thereto.

10.4.2 Licenced distributors and licensed traders may engage in trading activities under their respective licences.

10.4.3 Licensed traders shall be treated as independent market participants, not as intermediaries for end customers.

10.5 Contracting with a Trader

10.5.1 Consumers connected to HV, MV and LV networks, who fulfil the technical criteria described in section **Error! Reference source not found.** of these Trading Rules and with existing ESAs and wishing to enter into DSAs with licensed traders or generators may do so by notifying their primary retailer in terms of the provisions in that agreement and section 14 of the Consumer Protection Act, 2008 (Act No. 68 of 2008).

10.5.2 During Phases 1 and 2, consumers are prohibited from terminating their existing ESAs or switching their primary retailer, except in cases of permanent disconnection from the network or cessation of supply at the relevant metering point. Each metering point shall have one designated primary retailer, while multiple DSAs are permitted per metering point.

10.5.3 Upon a contestable consumer concluding a DSA with a licensed trader, the consumer or trader shall notify the primary retailer in writing within 14 business days. The primary retailer shall update its records accordingly, including reflecting the licensed trader as an additional supplier. ESAs may not contain terms that unreasonably impede, penalise, or discourage a contestable consumer from exercising its rights to enter into DSAs under these Trading Rules.

10.6 Contracting Process

10.6.1 When a consumer enters an agreement with a trader, the trader is responsible for managing the contracting process on the consumer's behalf.

10.6.2 The trader will start billing the consumer after completing the contracting process.

10.6.3 The primary retailer is responsible for ensuring that overall continuity of supply obligations is met for consumers during the contracting process.

10.7 Blocking Circumstances

10.7.1 The incumbent primary retailer may refuse to facilitate a consumer's DSA in specific circumstances, such as the following:

- **Outstanding debt:** If the customer owes money and the debt is more than 28 days old, the primary retailer can refuse to facilitate a consumer's DSA until the debt is paid.
- **Unsupported meter:** If the customer has a special meter (e.g. a prepayment meter) and the new supplier does not support that type of meter.
- **Meter data mismatch:** If the customer's meter details with the registration service do not match the actual meter, the primary retailer can refuse to facilitate a consumer's DSA until the inconsistency is resolved.

10.8 Reporting to NERSA by Licensed Traders

10.8.1 The trader must report to NERSA new agreements with generators and customers every six months. These reports should be submitted on the first day of each semester, starting from the first six months after the trading license is issued.

10.8.2 The trader shall submit the following documentation:

- A cover letter summarising the customers and/or generator to be added to schedule 2 or 3 of the trading licence.
- DSAs concluded with end-use customers, as applicable, power purchase agreements concluded with new generation facilities.
- Draft amended DCUoSAs that explicitly identify the customers receiving wheeled energy.
- Amended ESA confirming that the ESA has been or will be amended, or a letter from the primary retailer undertaking to effect such amendment prior to the commencement of trading.

10.8.3 This information is required by NERSA to exercise regulatory oversight of energy trading activities, ensure adherence to legal and operational requirements, and promote the fair and efficient execution of transactions. Furthermore, the confidentiality of this information is safeguarded to protect commercially sensitive information.

10.8.4 NERSA may, upon providing reasonable written notice to a trader, conduct or commission an audit to validate the information submitted by the trader. The trader, upon receiving such notice, is required to grant NERSA access to the relevant contractual documentation within the stipulated notice period.

10.8.5 Traders are further required to submit reports detailing complaints received, their resolution and any additional information, as may be requested by NERSA within a reasonable time frame.

10.9 **Reconciliation Mechanism**

10.9.1 Each primary retailer shall implement and maintain a clear and transparent reconciliation mechanism to calculate wheeled energy for each consumer and each trader in each trading period. This mechanism must be capable of processing data from HV, MV and LV metering points and must be made available for audit by NERSA on request.

10.9.2 Reconciliation statements and timelines

The following reconciliation process applies at the end of each billing period:

- Within five business days following the end of each billing period[1], each trader shall deliver to the relevant NSP a reconciliation statement detailing the quantity of wheeled energy supplied to each consumer in each time-of-use period during that billing period.
- Within five business days of receipt of the trader's statement, the NSP shall reconcile the stated quantities against its meter data and issue a reconciled wheeled energy confirmation to the trader and the relevant primary retailer, where applicable.
- Where the NSP disputes any quantity in the trader's statement, it shall notify the trader in writing within the five-business-day reconciliation window, setting out the basis of the dispute.

10.9.3 Billing disputes

10.9.3.1 Where the trader and NSP are unable to resolve a disputed wheeled energy quantity within 10 business days of the dispute being raised, both parties may refer the matter to NERSA for determination.

10.9.3.2 Pending determination, the undisputed portion of the wheeled energy quantity shall be applied for billing purposes, and any adjustment arising from the determination shall be applied in the following billing period.

10.9.4 Wheeled energy quantum

10.9.4.1 The wheeled energy sold under a DSA in any trading period is equal to the energy exported onto the distribution or transmission network at the registered metering point of the generator named in that DSA, subject to curtailment as described in clause 10.9.5. Losses between the generator's metering point and the consumer's metering point are addressed in clause 10.9.6 below.

---

[1] 'Billing period' means a calendar month, unless the primary retailer and consumer have agreed to a different billing cycle in the ESA, in which case the agreed cycle applies.

10.9.5 Curtailment for excess sales

10.9.5.1 For each trader in each trading period, if the aggregate quantity of energy sold to consumers across all DSAs exceeds the aggregate quantity purchased from generators across all DSAs, the quantity sold to each consumer shall be curtailed in the Order of Precedence specified in the relevant DSA(s) until the aggregate sold equals the aggregate purchased. The trader shall be notified by the primary retailer of any curtailment within two business days of the end of the relevant trading period.

10.9.6 Loss adjustment

10.9.6.1 Wheeled energy quantities shall be adjusted to account for transmission and distribution losses between the generator's metering point and the consumer's metering point, using the loss factors approved by NERSA for the relevant network segments. The adjusted quantity (being the wheeled energy net of losses) is the quantity used for the wheeling credit calculation in clause 9.11. Loss factors shall be published by NERSA and reviewed annually.

10.10 **Wheeling Credit**

10.10.1 The wheeling credit compensates the consumer for energy procured under a DSA by offsetting the portion of the primary retailer's tariff that reflects the cost of energy supply that has been displaced by wheeled energy. The wheeling credit does not offset network charges, capacity charges, or other NBCs. The wheeling credit applies equally to consumers connected at HV, MV and LV. Following the commencement of SAWEM, the wheeling credit is replaced by amendments to a consumer's ESA under which top-up energy charges are levied.

10.10.2 Responsibility for crediting

10.10.2.1 The primary retailer is responsible for calculating and applying the wheeling credit to the consumer's bill in each billing period. The wheeling credit shall appear as a clearly labelled line item on the consumer's invoice, showing the wheeled energy quantity (in kWh/MWh), the applicable wheeling credit rate tariff (in c/kWh), and the resulting credit amount (in Rands).

10.10.3 Use-of-system charges

10.10.3.1 The relevant NSP shall levy approved use-of-system (UoS) charges on the primary retailer to recover the costs of transmission and distribution network infrastructure. UoS charges are distinct from the wheeling credit and are not reduced or offset by the delivery of wheeled energy to a consumer.

10.10.3.2 The primary retailer shall recover UoS charges from consumers through the tariff structure set out in the ESA. UoS charges form part of the NBCs payable by consumers and are not subject to the wheeling credit offset.

10.11 Charging Arrangements

10.11.1 This section governs the charging and billing arrangements applicable to all contestable consumers, primary retailers, traders and network service providers (NSPs) during Phases 1 and 2. Where provisions differ between phases, this is stated explicitly. Unless otherwise stated, all provisions apply equally to customers connected to HV, MV and LV networks with an NMD of not less than 1 MVA.

10.11.2 Charging arrangements between a licensed distributor and customers

10.11.2.1 The licensed distributor that holds an ESA with a consumer is that consumer's primary retailer. The primary retailer shall:

- invoice the consumer for their total metered consumption at the full applicable approved tariff, inclusive of all fixed, demand and energy charges;
- recover all non-bypassable charges (NBCs) from the consumer, as defined in clause 11 below; and
- credit the consumer's bill with the wheeling credit in accordance with clause 10.10 above, where applicable.

10.12 Top-Up Energy

10.12.1 Following the commencement of SAWEM, where a consumer has one or more DSAs in force, the consumer's total metered consumption will typically exceed the quantity of energy delivered under those DSAs. The difference (being the additional energy that the primary retailer supplies to meet the consumer's full demand), is referred to as top-up energy.

10.12.2 The charges in the ESA cover the cost of providing Top-Up Energy (but not energy supplied under DSAs other than in respect of any non-bypassable charges). Top-up energy is calculated as follows:

Top-up energy = total metered consumption − wheeled energy

where wheeled energy is determined in accordance with clause 10.9 above.

10.13 Separate Invoicing of DSA Energy

10.13.1 For consumers with one or more DSAs, the generator(s) or trader(s) that are party to those DSAs shall separately invoice the consumer for the wheeled energy purchased under each DSA, in accordance with the terms of the relevant DSA. The primary retailer is not responsible for, and shall not be involved in, the invoicing of wheeled energy between a trader and a consumer.

11. RECOVERY OF COSTS CATEGORISED AS NON-BYPASSABLE CHARGES

11.1 The categories of cost and subsidies described in this clause are either wholly or partially recoverable through NBCs. During Phase 1, these categories form the basis for tariff restructuring. By the time SAWEM is launched (Phase 2), wholesale charges and the structure of retail tariffs would have been aligned with the structure and quantum of wholesale charges approved by NERSA under vesting contracts and the regulatory methodology governing wholesale cost recovery through retail tariffs (see section 9).

11.2 NBCs are mandatory charges payable by all grid-connected consumers regardless of their choice of supplier or extent of self-generation, calculated in proportion to each consumer's fair use of and/or benefit from the system and their equitable contribution to policy costs such as subsidies.

11.3 For this purpose, 'use of the system' encompasses the consumer's proportionate use of transmission and distribution networks, centralised generation capacity, and ancillary services necessary for system stability and real-time balancing. Policy costs that may be recoverable through NBCs include, but are not limited to, stranded asset recovery, public lighting, electrification programmes, and other socially mandated obligations, including subsidies to vulnerable and low-income customers and concessions provided to industrial customers under negotiated pricing agreements (NPAs).

11.4 The categories of cost and subsidies described that are either wholly or partially recoverable through NBCs include the following:

- **Network costs:** All costs associated with maintaining, operating, and upgrading transmission and distribution networks.
- **Legacy Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) costs:** Costs associated with procuring power from IPPs under the REIPPPP pursuant to section 34 of the ERA.
- **Ancillary services costs:** Costs of procuring ancillary services necessary for real-time balancing, system stability, and strategic or emergency reserves.
- **Generation capacity costs:** The fixed costs associated with providing centralised generation capacity for the purposes of ensuring system adequacy.
- **Government-mandated subsidies and social obligations:** Social and industrial customer subsidies, which are recoverable through NBCs to the extent that the government determines these should be recovered from electricity customers.
- **Other system-wide costs** include the costs of electricity sector regulation, including licensing, compliance monitoring, tariff approvals, market oversight and enforcement.

12. VIRTUAL WHEELING

Virtual wheeling is only available to contestable consumers with a connection size exceeding 100 kVA from SAWEM go-live, subject to conditions stipulated in clause 13.9 below. The 100 kVA limit shall be relaxed upon approval and implementation of the NBCs.

13. RULES GOVERNING PHASE 2 TRADING ACTIVITIES

13.1 Amended Provisions Applicable from SAWEM Go-Live

13.1.1 The provisions of this clause take effect on the date of SAWEM go-live and, from that date, replace the corresponding pre-SAWEM provisions set out in clause 9.1 above. Prior to SAWEM go-live, these provisions have no operative effect and do not create any rights or obligations for any party. The SAWEM go-live date is the date on which SAWEM opens to all market participants and balance responsible parties.

13.2 Wheeling Availability

13.2.1 From SAWEM go-live, the following wheeling permissions apply:

- Physical wheeling remains permitted for HV and MV customers on the same terms prior to SAWEM go-live.
- Virtual wheeling is permitted from SAWEM go-live for HV, MV and LV customers with a connection size exceeding 100 kVA. Virtual wheeling prior to SAWEM go-live is not permitted, except where a virtual wheeling agreement was in existence prior to SAWEM go-live, in which case that agreement shall continue on its existing terms until SAWEM go-live.

13.3 Balance Responsibility

13.3.1 From SAWEM go-live, the following balance responsibility obligations apply:

- Grid-connected generators with a capacity of 10 MW or more that are licensed or registered by NERSA and have entered into power purchase agreements must either register as balance responsible parties (BRPs) or designate a willing BRP to assume balance responsibility on their behalf.
- Traders purchasing electricity from qualifying generators with capacity exceeding 10 MW must themselves become balance responsible for that power or designate a willing BRP.

13.4 Trader and Generator Restrictions

13.4.1 Licensed traders are not permitted to be market participants in SAWEM and may not buy or sell energy at the system marginal price (SMP). A licensed generator supplying wheeled energy to a contestable consumer under a DSA may only supply energy generated at its own registered generation facility. A licensed generator that wishes to purchase energy from SAWEM or from third-party generators for onward supply to contestable consumers must hold a trading licence.

13.5 **Physical Wheeling**

13.5.1 Charging and billing arrangements

13.5.1.1 From SAWEM go-live, the following charging and billing arrangements replace the pre-SAWEM arrangements set out in clause 10.9 above.

- A consumer may enter into an ESA with only one distributor at any one time, being that consumer's Primary Retailer. A consumer may enter into multiple DSAs but only one ESA.
- Consumers may not terminate their existing ESA or switch their primary retailer during Phases 1 and 2, other than by disconnecting from the network or ceasing to take supply at the relevant meter point.
- Each distributor acting as primary retailer shall implement a clear and transparent reconciliation mechanism to calculate top-up energy and the wheeled energy purchased by that consumer under its DSA(s).
- Top-up energy shall be subject to the energy rate stipulated in the applicable ESA.
- The consumer shall be invoiced directly by the generator(s) or trader(s) for wheeled energy purchased under the relevant DSA(s), in accordance with the terms of those DSAs.

13.6 **Direct Supply Agreement Requirements**

13.6.1 From SAWEM go-live, the following requirements apply to all new DSAs:

- The trader must notify the market operator of each DSA.
- Each DSA must specify: (i) the generator or generators from whom energy is being purchased; (ii) the HV or MV consumer or consumers to whom energy is being sold; or (iii) the trader or retailer to or from whom energy is being bought or sold; and for each trading period, the quantity of energy being bought or sold together with confirmation from the counterparty.
- For each HV or MV consumer to whom energy is being sold, the trader must specify the site or metering point(s) and the respective quantities and the relevant primary retailer.
- For each generator from whom energy is being purchased, the trader must specify the relevant generating unit or units and the respective quantities.
- A generating unit and an HV or MV consumer may each be specified in more than one DSA.

13.7 **Balance Responsibility for DSAs**

13.7.1 From SAWEM go-live, each generating unit of 10 MW or more specified in a DSA must either:

- be registered as a balance responsible party (non-market participant) in SAWEM; or
- be included in a trader's trading unit that is registered as a balance responsible party (non-market participant) in SAWEM.

13.7.2 The BRP must enter into a Balancing Agreement with the market operator and must submit a day-ahead production schedule to the market operator for the SAWEM Day-Ahead Market. That schedule must reflect the BRP's best estimate of the generating unit's expected output for the relevant scheduling period, comprising the wheeled energy anticipated to be delivered to each respective HV or MV consumer. The BRP is not required to submit a schedule that matches its contractual PPA obligations where it does not reasonably expect to be able to generate the relevant quantity of energy.

13.7.3 Where the quantity of energy actually produced by a BRP (non-market participant) under a DSA differs from its day-ahead schedule, the excess or shortfall shall be treated as imbalance energy bought or sold accordingly. No reconciliation of DSA quantities against actual production is required at the day-ahead settlement stage.

13.8 **Calculation of Wheeled Energy and Reconciliation**

13.8.1 The following reconciliation arrangements apply to conventional (physical) wheeling from SAWEM go-live and replace the pre-SAWEM arrangements set out in clause 10.9 above.

- Wheeled energy for HV and MV consumers with DSAs shall be calculated on the basis of prescribed time periods specified by the Distributor and approved by NERSA.
- Within five days following the end of each billing period, each trader shall deliver to the NSP a statement detailing the quantity of wheeled energy supplied to each consumer in each time-of-use period during that billing period.
- Within five days of receipt of that statement, the relevant NSP shall reconcile with the trader the quantities of wheeled energy delivered, based on the statement and the applicable meter data.

13.9 **Virtual Wheeling**

13.9.1 Virtual wheeling is permitted from SAWEM go-live for HV, MV and LV customers with a connection size exceeding 100 kVA, subject to the prerequisites set out below being satisfied. Virtual wheeling prior to SAWEM go-live is not permitted, except where a virtual wheeling agreement was in existence prior to Phase 1, in which case that agreement shall continue on its existing terms until SAWEM go-live.

13.9.2 Prerequisites for virtual wheeling

13.9.2.1 Prior to SAWEM go-live, and as a condition of virtual wheeling becoming operative under these Trading Rules, the following prerequisites must be satisfied:

- Charging arrangements: Appropriate charging arrangements to support virtual wheeling must be established.
- Operational procedures: Detailed and consistent operational, settlement, and billing procedures must be documented and published so as to provide certainty to market participants and enable accurate settlement.
- Ensure transparent and non-discriminatory implementation of wheeling transactions.
- Maintain compatibility with system operations.

13.9.3 Systems and processes

13.9.3.1 Licensees must demonstrate that systems and processes are in place to accommodate anticipated increases in virtual wheeling transactions, including the capability to:

- manage significantly higher volumes of metering data;
- perform validation, aggregation, and settlement at scale;
- reconcile virtual wheeling transactions across multiple customer sites;
- prevent operational bottlenecks and settlement delays; and
- minimise billing errors.

13.10 **Revision of Trading Rules and Billing Framework**

13.10.1 Prior to SAWEM go-live, these Trading Rules shall be revised to incorporate a comprehensive framework governing virtual wheeling. At a minimum, the framework must include:

- the PPA requirements applicable to virtual wheeling arrangements;
- the charging, billing, and reconciliation methodology applicable to virtual Wheeled Energy, including the identity of the reconciling party and the applicable time periods for reconciliation; and
- any balance responsibility obligations applicable to generators and traders participating in virtual wheeling arrangements.

13.10.2 Until such revisions are made and the prerequisites above are satisfied, virtual wheeling shall not be operative under these Trading Rules, notwithstanding SAWEM go-live. The revised framework may be incorporated into these Rules or such other regulatory instrument as NERSA may approve for that purpose.

13.11 Market Code Compliance

13.11.1 All traders participating in SAWEM must comply with the Market Code and Market Conduct Rules governing trading activities on the SAWEM platform. Where the Market Code conflicts with these Rules, the Market Code shall prevail for market participants subject to NERSA requiring any relevant changes to the Rules or the Market Code. Traders must register with the market operator to the extent permitted by these Rules and must adhere to the balancing and settlement mechanisms prescribed in the Market Code.

13.12 Data Access and Reporting

13.12.1 The market operator shall maintain data systems providing secure and auditable access to validated meter data for licensed traders, subject to customer consent. Traders must submit monthly reconciliations of energy volumes, financial transactions, and revenue to the market operator for regulatory oversight purposes.

13.13 Dispute Resolution

13.13.1 Dispute resolution between market participants shall be governed by the provisions of the Market Code.

13.14 Transparency and Accountability

13.14.1 The market operator shall ensure transparency in market operations, including the publication of market prices, trading volumes and other relevant data. Traders must adhere to the principles of fair competition and customer protection, as prescribed in the Market Code.

14. GENERAL GOVERNING PROVISIONS

14.1 Compliance with Technical Standards

14.1.1 Traders shall comply with all licence conditions, these Rules, as well as relevant technical codes and industry standards.

14.1.2 NSPs shall comply with all applicable Technical Standards, Codes and other regulatory requirements specified in their licences to maintain the prescribed quality of supply to customers.

14.2 Dispute Resolution

14.2.1 Parties to complaints and disputes in connection with these Rules shall make every effort to resolve such complaints and disputes amongst themselves before referring a complaint or dispute to NERSA.

14.2.2 If unresolved, disputes may be referred to NERSA for mediation, arbitration, or investigation.

14.3 Revision of these Rules

14.3.1 In this initial revision of the Trading Rules, only two phases are introduced, with plans to incorporate additional phases in future updates of these Rules towards full retail competition (see Appendix A and Appendix B).

Appendix A.

EXISTING LEGISLATION, STANDARDS AND CODES

The Rules for Electricity Trading shall be read in conjunction with the acts, regulations and other NERSA-approved documents listed in the table below.

Legislation, Codes, Procedures and Standards
1. National Energy Regulator Act, 2004 (Act No. 4 of 2004)
2. Electricity Regulation Act, 2006 (Act No. 4 of 2006)
3. Electricity Regulation Amendment Act, 2024 (Act No. 38 of 2024)
4. Municipal Systems Act, 2000 (Act No. 32 of 2000)
5. Licensing Exemption and Registration Notice No. 1231 of 17 January 2023
6. Competition Act, 1998 (Act No. 89 of 1998)
7. South African Distribution Metering Code, Version 6.1
8. Regulatory Rules on Network Charges for Third-Party Wheeling of Energy, 2025
9. NERSA Complaint and Dispute Resolution Procedure
10. Wholesale Market Rules and/or Code

DEFINITIONS, ACRONYMS AND ABBREVIATIONS

In this Appendix, unless the context indicates otherwise, terms defined in the Trading Rules have the same meaning ascribed to them therein. The following additional terms apply for the purposes of this Appendix only.

Retailer of Last Resort (RoLR)	means a retailer designated by NERSA to assume supply obligations for customers of a failed retailer or trader.
Contract for Difference (CfD)	means a financial contract whereby parties agree to exchange payments based on the difference between a contracted price and a reference price for electricity.

PHASE 3: PRIMARY RETAILER SWITCHING PERMITTED

A.1. Introduction

Phase 3 represents the first stage of full retail competition, in which contestable customers may switch primary retailers and licensed traders may apply to become primary retailers and market participants in SAWEM. Phase 3 builds directly on Phase 2 and the wholesale market infrastructure established through SAWEM go-live.

A.2. Prerequisites for Phase 3 Commencement

Phase 3 shall not commence until NERSA has determined, by notice in the Gazette, that each of the following prerequisites has been satisfied.

A.2.1. SAWEM Operational

SAWEM must have been operational for a continuous period of not less than three years prior to the Phase 3 commencement date. NERSA must be satisfied that SAWEM has achieved sufficient market liquidity, price discovery and settlement reliability to support competitive retail supply by licensed traders acting as primary retailers.

A.2.2. Customer Switching Infrastructure

The following switching infrastructure must be fully operational prior to Phase 3 commencement:

- The central switching platform must be built, tested and operational, capable of processing customer switches, maintaining customer consent logs and supporting metered customer registration data for all contestable customers.
- NERSA must have established and published clear switching rules and protocols, defined timelines for switching processes, requirements for customer registration data, standards for meter data flows between retailers and NSPs, and protocols to ensure customers can switch suppliers in an orderly manner.
- NERSA must have published the Retail Market Code containing detailed switching procedures, billing and settlement requirements and related operational requirements, and the Code must be binding on all primary retailers, NSPs and the operator of the central switching platform.

A.2.3. Retailer of Last Resort Framework

NERSA must have published the Retailer of Last Resort (RoLR) Guidelines prior to Phase 3 commencement. The RoLR Guidelines must address:

- the definition of RoLR triggering events to facilitate prompt initiation of RoLR procedures in the event of likely or actual retailer failure;
- how the RoLR process will interact with corporate insolvency processes applicable to primary retailers;

- the criteria and process for selecting a RoLR, based on the operational and financial capabilities required to serve newly acquired customers;
- requirements for treating affected customers fairly, including the management of credit balances, continuity of supply and keeping customers informed throughout the process;
- the main procedural steps in a RoLR process, including taking over credit balances of the failed primary retailer and applying them appropriately to future billing; and
- how the RoLR process will be funded, including which costs will be socialised across primary retailers, which will be managed through collateral requirements or adequate capitalisation of primary retailers, and whether an ongoing RoLR levy on primary retailers is appropriate.

A.2.4. Consumer Protection Framework

NERSA must have established and published the following consumer protection requirements prior to Phase 3 commencement:

- minimum requirements for retail electricity supply agreements entered into between licensed traders acting as primary retailers and contestable customers, including mandatory disclosure requirements, fair contract terms and dispute resolution provisions;
- enhanced disclosure obligations for primary retailers, including requirements to disclose tariff structures, contract terms, renewal conditions and exit rights in plain language;
- standards for customer communications during the switching process, including timelines, confirmation requirements and cooling-off periods; and
- switching cancellation rights enabling customers to cancel a switch within a defined period after entering into a new Electricity Supply Agreement (ESA), without penalty.

A.2.5. Licensed Trader Readiness

NERSA must have published, and at least one licensed trader must have satisfied, the requirements for licensed trader approval as a primary retailer and SAWEM market participant, as set out in clauses A.6.1 and A.6.2. NERSA must be satisfied that sufficient licensed traders are ready and willing to serve as primary retailers to support genuine competition in at least the major network areas.

A.2.6. Credit and Settlement Framework

Appropriate credit and settlement arrangements must be in place to:

- manage counterparty risk between primary retailers, generators, traders and NSPs;
- support timely settlement between all market participants;

- provide for security deposits or guarantees where necessary to protect system participants against retailer default; and
- establish default procedures and settlement dispute resolution processes.

A.3. Commencement and Duration

i. Phase 3 shall commence no earlier than three years after the SAWEM go-live date.

ii. NERSA shall determine the commencement date of Phase 3 by notice in the Gazette, following satisfaction of the prerequisites set out in clause A.2.

iii. Phase 3 shall continue until NERSA determines, by notice in the Gazette, that the prerequisites for Phase 4 have been satisfied and that progression to Phase 4 is appropriate.

Note: *The three-year minimum period from SAWEM go-live is intended to allow sufficient time for SAWEM market liquidity to develop, for the switching infrastructure to be built and tested, and for the RoLR Framework to be operational before customers are exposed to retailer failure risk.*

A.4. Contestable Customers and Supplier Choice

A.4.1. Contestable Customers

The following customers are contestable customers in Phase 3 and may switch primary retailers and enter into PPAs without volume restriction:

- All customers connected to high voltage (HV) networks (>33 kV).
- All customers connected to medium voltage (MV) networks (>11 kV).
- Customers connected to low voltage (LV) networks with a supply capacity (connection size) of not less than 100 kVA.

A.4.2. Captive Customers

All other customers (being those connected to LV networks with a supply capacity of less than 100 kVA) are captive customers in Phase 3 and remain with their primary retailer. Captive customers are entitled to the protections applicable to the designated retailer supply, as set out in clause 0.

A.4.3. Wheeling Availability

Physical and virtual wheeling is available to all contestable customers in Phase 3. Virtual wheeling is subject to the SAWEM market rules and the provisions of clause 13.9 OF THE Trading Rules.

A.4.4. Designated Retailer

During Phase 3, each licensed distributor shall continue to act as the designated retailer for consumers connected to its network, unless and until NERSA appoints another person to that role. The designated retailer arrangement continues on the same basis as Phase 1.

Captive customers shall remain on regulated tariffs offered by their Designated Retailer. The designated retailer may not refuse supply to any captive customer connected to its network.

A.5. Non-Bypassable Charges in Phase 3

A.5.1. Continuation of Phase 2 NBC Structure

The non-bypassable charges established in Phases 1 and 2 shall continue to apply in Phase 3 to all large power users, whether they are full requirement customers or not, and those receiving top-up energy (self-generation and wheeling). The minimum NBC proportion applicable in Phase 3 shall be determined by NERSA before Phase 3 commencement, taking into account:

i. the structure and quantum of wholesale charges approved under vesting contracts as at the date of Phase 3 commencement; and

ii. the extent to which SAWEM energy market prices are recovering generation capacity and ancillary services costs that were previously recovered through NBCs.

Note: *The Phase 2 completion NBC level of 66% is the floor for Phase 3. NERSA's determination may set a higher/lower minimum if fixed-cost recovery analysis indicates it needs adjustment.*

A.6. Trading Arrangements in Phase 3

A.6.1. Licensed Traders as Primary Retailers

From Phase 3, licensed traders may apply to NERSA to become primary retailers. A licensed trader approved as a primary retailer may enter into ESAs with contestable customers and invoice them directly for their total metered consumption. NERSA shall publish the licensing requirements and eligibility criteria for licensed traders seeking primary retailer status prior to Phase 3 commencement.

A.6.2. SAWEM Market Participation

Licensed traders approved as primary retailers must apply to become market participants in SAWEM, subject to compliance with the SAWEM Market Code and any additional requirements determined by NERSA and the Market Governance arrangements. NERSA shall, prior to the commencement of Phase 3, publish a determination on the conditions under which licensed traders may participate as market participants in SAWEM.

A.6.3. Power Purchase Agreements

New PPAs in Phase 3 may be entered into between generators, licensed distributors, licensed traders, and contestable customers. Virtual wheeling is permitted. In all other respects, the PPA requirements set out in Phase 2 apply in Phase 3.

A.6.4. Contracts for Differences

Licensed traders that are market participants in SAWEM may enter into contracts for differences (CfDs) with generators that are also market participants and sell energy at the system marginal price (SMP). The SMP may be used as the reference price in CfDs. Traders may purchase energy at the agreed strike price in their CfDs with generators and reflect this in contracts with customers, enabling traders to offer customers price certainty equivalent to a PPA without requiring physical generation dispatch nomination. Traders may separately provide customers with certificates of origin to demonstrate that a CfD is backed by renewable generation, where applicable.

A.6.5. Secondary Trading

The prohibition on secondary trading of bilateral PPAs established in Phases 1 and 2 shall be reviewed by NERSA prior to Phase 3 commencement. NERSA shall publish a determination on whether secondary trading of PPAs is permitted in Phase 3 and, if so, the applicable conditions and limits. This determination shall be published no later than six months before the Phase 3 commencement date.

A.7. Customer Switching in Phase 3

A.7.1. Right to Switch

Contestable customers may terminate their existing ESA and switch to an alternative primary retailer in Phase 3, subject to the provisions of this clause A.7 and the switching prerequisites set out in clause A.2.2.

A.7.2. Termination of Existing ESA

A contestable customer may terminate an existing ESA:

i. in accordance with the termination provisions of the existing ESA; or

ii. in the absence of express termination provisions, on 30 days’ written notice to the incumbent primary retailer.

Provisions in ESAs on standard non-negotiable terms relating to termination must be fair and reasonable, having regard to all relevant circumstances, including the nature of the customer, the duration of the ESA and the costs incurred by the primary retailer in connection with the supply arrangement. NERSA may review and direct the amendment of termination provisions that it considers unreasonable.

A.7.3. Blocking Circumstances

The incumbent primary retailer may block a contestable customer's switch only in the following circumstances:

i. Outstanding debt: the customer has an outstanding debt to the incumbent primary retailer that is more than 28 days old and remains unpaid. The switch may be blocked until the debt is settled or a payment arrangement acceptable to the primary retailer is agreed.

ii. Unsupported metering: the customer's metering installation is of a type or configuration that the new primary retailer is not technically equipped to support, and the incompatibility has not been resolved prior to the proposed switch date.

iii. Meter data mismatch: the details of the customer's metering installation in the relevant registration database do not match the actual installed metering, and the inconsistency has not been resolved prior to the proposed switch date.

iv. Third-party consent required: the customer's supply point is subject to a third-party interest – such as a landlord's agreement, a body corporate resolution, or a financing arrangement – that requires the consent of the third party before a switch can be effected, and that consent has not been obtained.

Note: *Blocking circumstances are exhaustive – an incumbent primary retailer may not block a switch on any grounds other than those listed above. NERSA may investigate and sanction a primary retailer that unreasonably invokes a blocking circumstance to delay or prevent a legitimate switch.*

A.7.4. NSP Obligations on Switching

The relevant NSP that receives notice of a customer's intention to switch primary retailer must, with the customer's consent, provide the following to the new primary retailer within five business days of the switch taking effect:

i. Meter data confirming the customer's consumption as of the date the termination of the existing ESA takes effect.
ii. The customer's metering installation details and registration data.

A.7.5. Switching Process

When a contestable customer enters into an ESA with a new primary retailer, the new primary retailer is responsible for managing the switch on the customer's behalf in accordance with the switching procedures published by NERSA under the Retail Market Code. The new primary retailer shall commence billing the customer from the effective date of the switch. The outgoing primary retailer shall close the customer's account and issue a final bill based on a meter reading taken on the date of the switch.

A.7.6. Central Switching Platform

All primary retailer switches must be effected through the central switching platform established as a prerequisite for the commencement of Phase 3 under clause A.2.2. The central switching platform shall maintain customer consent logs and unique customer and metering point identifiers to ensure transparency, prevent fraud and support accurate billing and settlement. Detailed operating procedures for the central switching platform shall be set out in the Retail Market Code.

A.7.7. Retail Market Code

NERSA shall publish a Retail Market Code or equivalent regulatory instrument containing detailed switching procedures, customer registration requirements, metering data standards, and related requirements before Phase 3 commencement, as required by clause A.2. The Retail Market Code shall be binding on all primary retailers, NSPs and the operator of the central switching platform.

Appendix B.

EXISTING LEGISLATION, STANDARDS AND CODES

The Rules for Electricity Trading shall be read in conjunction with the acts, regulations and other NERSA-approved documents listed in the table below.

Legislation, Codes, Procedures and Standards
11. National Energy Regulator Act, 2004 (Act No. 4 of 2004)
12. Electricity Regulation Act, 2006 (Act No. 4 of 2006)
13. Electricity Regulation Amendment Act, 2024 (Act No. 38 of 2024)
14. Municipal Systems Act, 2000 (Act No. 32 of 2000)
15. Licensing Exemption and Registration Notice No. 1231 of 17 January 2023
16. Competition Act, 1998 (Act No. 89 of 1998)
17. South African Distribution Metering Code Version 6.1
18. Regulatory Rules on Network Charges for Third-Party Wheeling of Energy, 2025
19. NERSA Complaint and Dispute Resolution Procedure
20. Wholesale Market Rules and/or Code

DEFINITIONS, ACRONYMS AND ABBREVIATIONS

In this Appendix, unless the context indicates otherwise, terms defined in the Trading Rules have the same meaning ascribed to them therein. The following additional terms apply for the purposes of this Appendix only.

Safe Harbour Tariff	means a regulated tariff approved by the Authority that provides consumer protection for customers with connection size ≤100kVA.

PHASE 4: FULL RETAIL COMPETITION

Phase 4 represents the completion of the retail market opening process. All customers become contestable, subject to the safe harbour tariff protections for small customers. Distributors are required to unbundle their retailing activities into separately licensed Trading entities. The customer switching arrangements established in Phase 3 continue to apply with expanded scope.

B.1. Commencement and Duration

i. Phase 4 shall commence no earlier than three years after the date of Phase 3 commencement.

ii. NERSA shall determine the commencement date of Phase 4 by notice in the Gazette, following completion of the market readiness assessment set out in clause B.2 .

iii. Phase 4 has no fixed end date. It represents the steady-state retail market framework, subject to ongoing review and development by NERSA.

Note: *The three-year minimum period from Phase 3 commencement is intended to allow sufficient time for the customer switching framework to bed down, for competitive retail markets to develop sufficient depth and liquidity, and for the safe harbour tariff and RoLR frameworks to be tested in operation before full market opening.*

B.2. Market Readiness Assessment

Prior to determining the Phase 4 commencement date, NERSA shall conduct a market readiness assessment evaluating:

i. the effectiveness of the customer switching framework established in Phase 3, including the central switching platform, the Retail Market Code, and the RoLR Framework;

ii. the financial and operational readiness of licensed traders to serve as primary retailers for the full range of customer categories, including small customers;

iii. the adequacy of consumer protection frameworks for small customers, including the safe harbour tariff provisions set out in clause B.4

iv. the licensing readiness of distribution licensees to operate as separately licensed trading entities, as required by clause B.3; and

v. whether NBC levels are sufficient to support full market opening without material risk of fixed-cost under-recovery by designated retailers serving captive and safe harbour customers.

NERSA shall publish the market readiness assessment and its findings by notice in the Gazette and shall consult publicly on the assessment for a period of not less than 60 days before making a determination on Phase 4 commencement.

B.3. Licensing Requirements for Phase 4

B.3.1. Unbundling of Distribution and Retailing Activities

From Phase 4, distribution licensees may not conduct retailing or trading activities under their distribution licence. To conduct retailing or trading activities in Phase 4, a distribution licensee must obtain a separate Trading licence. The distribution licence and the trading licence shall be held by separate legal entities, subject to such ownership arrangements as NERSA may approve.

B.3.2. Transition Period

NERSA shall publish the detailed requirements for the unbundling of distribution and retailing activities, including the form of the required legal separation, no later than 12 months before the Phase 4 commencement date. Distribution licensees must submit their trading licence applications to NERSA no later than six months before the Phase 4 commencement date. NERSA shall determine such applications within 60 days of receipt. A distribution licensee that has not obtained a separate Trading licence by the Phase 4 commencement date shall not be permitted to conduct retailing activities from that date, but shall continue to be obliged to act as a designated retailer for captive and safe harbour customers connected to its network.

B.3.3. Designated Retailer in Phase 4

In Phase 4, the designated retailer for each network area shall be a licensed trader appointed by NERSA. Where the relevant distribution licensee has obtained a separate trading licence, its trading entity may apply to NERSA to be appointed as a designated retailer. Where no other licensed trader is willing and able to serve as a designated retailer, NERSA may appoint the distribution licensee’s trading entity as a designated retailer of last resort. NERSA shall ensure that no customer is left without a designated retailer at any point during the Phase 4 transition.

B.4. Safe Harbour Tariff

B.4.1. Entitlement

In Phase 4, all customers are contestable and may switch primary retailers. However, customers with a supply capacity (connection size) of less than 100 kVA retain the right to elect to remain on, or return to, a regulated safe harbour tariff offered by their designated retailer. The safe harbour tariff is a protected tariff of last resort and is not a competitive offering.

B.4.2. Safe Harbour Tariff Structure

The designated retailer must offer a safe harbour tariff to all customers with a supply capacity of less than 100 kVA in its jurisdiction. The safe harbour tariff shall:

i. be approved by NERSA as cost-reflective and fair;

ii. not be structured so as to deter customers from electing it or returning to it;

iii. include all NBCs applicable to the customer's tariff class; and

iv. be reviewed by NERSA annually as part of the regular tariff approval process.

B.4.3. Right to Return

A customer with a supply capacity of less than 100 kVA who has switched to a competitive primary retailer retains the right to return to the safe harbour tariff offered by its designated retailer at any time, on 30 days' written notice to its current primary retailer. The current primary retailer may not impose any exit fee, penalty, or other charge in connection with the customer's exercise of the right to return to the safe harbour tariff.

B.5. Non-Bypassable Charges in Phase 4

The non-bypassable charges established in Phases 1, 2, and 3 shall continue to apply in Phase 4. NERSA shall review the NBC structure and minimum proportions prior to Phase 4 commencement, as part of the market readiness assessment, to ensure that NBC levels are sufficient to support full market opening and the transition to competitive retail supply for all customer categories. Social obligation charges and the NERSA levy remain permanently non-bypassable in Phase 4.

B.6. Retailer of Last Resort

B.6.1. Operational RoLR Framework

The RoLR Framework, established as a prerequisite for Phase 3 commencement, shall continue to operate in Phase 4, with any amendments required to reflect the expanded scope of customer switching and the full competitive retail market. The RoLR Guidelines published by NERSA shall be updated prior to Phase 4 commencement to address:

i. the transfer of safe harbour tariff customers of a failed designated retailer to a replacement designated retailer;

ii. the treatment of credit balances held by a failed primary retailer on behalf of customers; and

iii. the funding of RoLR costs in a fully competitive retail market, including whether a levy on primary retailers is appropriate.

B.6.2. Cross-Reference

The operational RoLR procedures shall be established in accordance with the RoLR Guidelines required by clause A.2.3(ii). Where those Guidelines have been published and are in force prior to Phase 4 commencement, the Phase 4 RoLR Framework shall operate in accordance with them, subject to any Phase 4-specific amendments published by NERSA.

B.6.3. Customer Switching in Phase 4

The customer switching provisions established in Phase 3 and set out in clause A.7 continue to apply in Phase 4, extended to all customers regardless of connection size. NERSA may amend the switching procedures, timelines, or blocking circumstances applicable in Phase 4 by notice in the Gazette, following public consultation of not less than 30 days, where NERSA considers that amendments are necessary to reflect the fully competitive retail market context.