NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

THE SOUTH AFRICAN WHOLESALE ELECTRICITY MARKET (SAWEM) TRADING PLATFORM FRAMEWORK

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Issued by

The National Energy Regulator of South Africa

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1. Executive Summary

1.1. The National Energy Regulator of South Africa (NERSA), established under the National Energy Regulator Act, 2004 (Act No. 40 of 2004), is responsible for regulating the electricity, piped gas and petroleum pipelines industries in South Africa. This consultation paper outlines the proposed Framework for the Electricity Trading Platform ('the Platform'), which is critical for the transition to a competitive wholesale electricity market. This Trading Platform Framework is designed to ensure transparency, competition, efficiency and system reliability in the electricity sector.

1.2. The regulatory framework under the Electricity Regulation Act, 2006 (Act No. 4 of 2006) mandates that the Regulator achieves several objectives, including the following:

- Safeguarding the needs of current and future customers.
- Promoting efficient, effective and sustainable development of electricity supply infrastructure.
- Facilitating investment in the electricity sector.
- Ensuring universal access to electricity.
- Encouraging competitiveness and consumer choice.
- Balancing the interests of customers, end-users, licensees, investors and the public.

1.3 In compliance with the Promotion of Administrative Justice Act (PAJA), 2000 (Act No. 3 of 2000), NERSA is conducting an public consultation to gather stakeholder feedback on the proposed Trading Platform Framework. This process is essential for ensuring that the framework aligns with the needs of all stakeholders and supports the transition to a competitive electricity market.

1.4 Stakeholders are invited to review the consultation paper and provide comments on the proposed Framework.

Your inputs will help shape the final Trading Platform Framework, ensuring that it promotes a fair and competitive environment for both existing distributors and new market entrants.

Comments should be sent to NERSA for the attention of Mr Rhulani Mathebula at:

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The deadline for the submission of comments is **31 October 2026**.

Submissions made after the deadline stipulated above will not be considered.

2. Glossary of Terms

In this document, unless the context indicates a contrary intention, the following terms shall have the meanings assigned to them below:

Term	***Definition***
Balancing	"Ensuring that supply and demand on the NIPS are in balance in real-time.
Balancing Responsible Party	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.
*Bid**	An offer submitted by a participant indicating the quantity of electricity it is willing to supply or purchase at a specified price and time.
*Commercial operation**	The execution of trades on the Trading Platform that create legally binding obligations between Market Participants.
*Gate Closure**	The point after which bids or offers may no longer be amended except where expressly permitted under the Market Rules.
ERA	Electricity Regulation Act 4 of 2006, as amended.
*Imbalance**	The difference between scheduled and actual electricity injections or withdrawals attributable to a market participant.
Market Code	The approved Market Code governing participation and operation of the South African Wholesale Electricity Market.
Market Operator	The person licensed to operate a trading platform for power market participants and who takes no ownership of the energy traded and fulfils the requirements of the Act and this “the Market Code”.
Market Participant	A party that participates in the Day-Ahead and Intra-Day Markets in the SAWEM and is a BRP for trades undertaken on these platforms.
*Market Rules**	Operational rules approved under the Market Code governing trading, settlement and market participation.
*Settlement**	The financial process through which market transactions are calculated, reconciled and invoiced.
*Trading Platform**	The integrated digital, operational and procedural infrastructure through which wholesale electricity market transactions are conducted.
*Transmission System Operator**	The entity responsible for the secure operation of the transmission system and associated system operation functions.

Note: For the purposes of this Framework, terms marked with an asterisk (*) are not defined in the Electricity Regulation Amendment Act, 2024. The definitions provided have been developed by the Regulator, taking into account its statutory functions, the provisions of the South African Wholesale Electricity Market (SAWEM) Market Code, and the applicable licence conditions.

3. Acronyms and Abbreviations

In this document, unless the context indicates otherwise, the following abbreviations shall bear the meanings assigned to them below:

AEPM	**Additional Day-Ahead Energy Payment**
AER	Australian Energy Regulator
ACER	Agency for the Cooperation of Energy Regulators (European Union)
BRP	Balance Responsible Party
CPA	Central Purchasing Agency
CRMP	Compliance, Risk, Monitoring, and Plan
DAM	Day-Ahead Market
DRB	Dispute Resolution Board
ERA	Electricity Regulation Act 4 of 2006
ESI	Electricity Supply Industry
HDP	Historically Disadvantaged Person
HHI	Herfindahl-Hirschman Index
IDM	Intra-Day Market
IPS	Interconnected Power System
MGC	Market Governance Committee
MoA	Memorandum of Agreement
MO	Market Operator
MSU	Market Surveillance Unit
NERSA	National Energy Regulator of South Africa
NIPS	National Integrated Power System
NTCSA	National Transmission Company of South Africa
PAJA	Promotion of Administrative Justice Act 3 of 2000
SAWEM	South African Wholesale Electricity Market
SME	Small and Medium Enterprises
SMP	System Marginal Price
SO	System Operator
SAPP	Southern African Power Pool
TNSP	Transmission Network Service Provider
TSO	Transmission System Operator

Any abbreviation not defined in this section shall, where applicable, bear the meaning assigned to it in the relevant Code or Applicable Laws.

4. Background

4.1 South Africa's electricity sector is undergoing significant reform aimed at transitioning from a vertically integrated utility model to a competitive wholesale electricity market. This reform is driven by the Electricity Regulation Act, 2006 (Act No. 4 of 2006) ('the ERA') and its amendments, including the Electricity Regulation Amendment Act, 2024 (Act No. 38 of 2024) (ERAA).

4.2 The transition to the South African Wholesale Electricity Market (SAWEM) represents a fundamental reform of the electricity sector, shifting from a centrally dispatched, vertically integrated market structure towards a competitive wholesale market, in which multiple licensed market participants may trade electricity through transparent and non-discriminatory arrangements.

The Trading Platform ('the Platform') will become the principal market infrastructure through which market participants submit bids and offers, participate in market clearing, receive dispatch outcomes, and access settlement-related data.

Given its central role in market operations, the Trading Platform must operate within a clear regulatory and governance framework that promotes market integrity, transparency, fairness, operational reliability and regulatory oversight.

A regulated Trading Platform is therefore necessary to ensure that market transactions are conducted in accordance with the Electricity Regulation Act, the Market Code, licence conditions and other applicable regulatory instruments, while supporting efficient market operation, protecting stakeholder confidence and facilitating effective oversight by the National Energy Regulator of South Africa (NERSA).

5. Introduction

5.1 NERSA is pleased to publish the Draft Trading Platform Framework ('the Framework') for public consultation.

The Framework has been developed pursuant to NERSA's mandate under the Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended by the Electricity Regulation Amendment Act, 2024 (Act No. 38 of 2024), to establish the minimum regulatory, governance, operational and technical requirements for the development, implementation and oversight of the Trading Platform supporting the SAWEM.

The Framework seeks to promote transparency, fairness, reliability, market integrity and effective regulatory oversight by providing a structured governance framework for the operation of the Trading Platform throughout its lifecycle.

5.2 The publication of the Draft Trading Platform Framework forms part of NERSA's commitment to transparent and participatory regulation. This consultation paper provides market participants, industry stakeholders, government institutions and other interested parties with an opportunity to review the proposed Framework and provide comments on its regulatory, operational and technical provisions.

Stakeholder input will assist NERSA in refining the Framework to ensure that it supports the efficient operation of SAWEM, reflects industry best practice and provides an appropriate regulatory foundation for the establishment and ongoing governance of the Trading Platform.

5.3 Stakeholders are invited to review and provide comments on the Draft Trading Platform Framework, which has been developed to establish the regulatory, governance, operational and technical requirements for the Trading Platform supporting the SAWEM.

NERSA remains committed to an open and inclusive consultation process to ensure that the Framework reflects stakeholder input and provides a robust regulatory foundation for the successful implementation and ongoing governance of the Trading Platform.

6. Legal Authority

6.1 NERSA derives its authority to regulate and oversee the Trading Platform from the National Energy Regulator Act, 2004 (Act No. 40 of 2004), (NERA) and the Electricity Regulation Act, 2006 (Act No. 4 of 2006) (ERA), as amended.

These legislative instruments collectively empower NERSA to regulate the electricity industry, establish regulatory frameworks and codes, approve market arrangements, and monitor compliance to ensure that electricity market activities are conducted in a fair, transparent, efficient and non-discriminatory manner.

6.2 In terms of the ERA, NERSA is responsible for exercising regulatory oversight of the SAWEM, including the approval and ongoing oversight of the Trading Platform and its associated governance arrangements.

This includes establishing the minimum regulatory, operational, governance and technical requirements applicable to the Trading Platform, monitoring compliance with approved regulatory instruments, and ensuring that the Platform operates in a manner that promotes:

- market integrity,
- transparency,
- operational reliability,
- fair competition, and
- the achievement of the objectives of the electricity market reform programme.

7. Proposed Framework and Consultation Questions

7.1 Governance Structure and Accountability

Part II establishes the governance structure for the Trading Platform, allocating responsibilities between NERSA, the Market Operator, the Transmission System

Operator and Market Participants (Table 1 seen below). It provides for a staged platform licensing and accreditation process comprising design approval, factory acceptance testing, integration testing, market simulation, pilot operation and commercial approval, and requires NERSA's approval of all market-clearing, dispatch-scheduling and settlement algorithms. It further establishes a change management framework distinguishing routine changes from “material changes” requiring NERSA's prior approval and provides for emergency changes subject to post-implementation review. Finally, it requires the Market Operator to designate a compliance officer, maintain governance controls to manage conflicts of interest, and submit an annual compliance report to NERSA.

Table 1: Governance Structure

Institution	**Governance Responsibilities**
NERSA	Approve the Trading Platform; monitor compliance with this Framework; conduct regulatory audits and inspections; oversee market conduct; enforce regulatory obligations; and, where necessary, impose conditions, suspend approval or withdraw approval in accordance with applicable legislation. Ensure secure handling of the reported trading information.
Market Operator	Develop, operate, maintain and continuously improve the Trading Platform in accordance with this Framework, applicable legislation, the Market Code, licence conditions and regulatory decisions.
Transmission System Operator (TSO)	Provide operational data required for market clearing, scheduling and dispatch; implement dispatch instructions issued through approved market processes; and support secure system operation. This includes providing network constraint data used by the MO in determining the Constrained Schedule, in accordance with the dispatch algorithm set out in the Market Code (section 9.5).
Market Participants	Participate in the wholesale electricity market in accordance with applicable legislation, the Market Code, Market Rules, licence conditions and the requirements of this Framework, while ensuring the accuracy and integrity of information submitted to the Trading Platform.

These provisions are intended to promote effective governance, regulatory compliance, market integrity and stakeholder confidence throughout the lifecycle of the Trading Platform.

Stakeholder Consultation Questions

1. Do the proposed governance arrangements clearly define the roles, responsibilities and accountability of the Market Operator, System Operator, the Regulator, and other relevant stakeholders?

2. Are the proposed governance principles sufficient to promote transparency, accountability, operational independence and effective oversight of the Trading Platform?
3. Are the proposed decision-making, reporting and oversight arrangements appropriate to support the effective governance of the Trading Platform?
4. Does the Framework adequately provide for governance controls, audit and assurance mechanisms, and change management processes necessary to maintain the integrity and reliability of the Trading Platform?
5. Is the proposed staged accreditation process appropriate, and are the criteria for NERSA to combine, waive or adjust particular stages sufficiently clear?
6. Do stakeholders agree with the categories of “material change” requiring NERSA's prior approval? Should any further categories be added or any listed category be removed?
7. Is a 10-business-day turnaround for NERSA to determine whether a proposed change requires prior approval an appropriate timeframe, or should this be revised?
8. Are there any additional governance structures, committees or oversight mechanisms that the Regulator should consider to strengthen the governance and accountability of the Trading Platform?

7.2 Participant Access and Market Participation

The Draft Trading Platform Framework sets out the minimum requirements for participant access to the Trading Platform, including participant registration, onboarding, authentication, authorisation and ongoing access management.

The proposed provisions are intended to ensure that only eligible participants are granted access to the Platform in a secure, transparent and non-discriminatory manner, while providing appropriate controls for the suspension and termination of access where necessary.

Stakeholder Consultation Questions

9. Are the proposed participant registration and onboarding requirements appropriate and sufficiently clear?
10. Are the proposed authentication, authorisation and access control requirements adequate to ensure secure access to the Trading Platform?
11. Are the proposed provisions relating to the suspension, restriction and termination of participant access appropriate and fair?
12. Is the proposed five-year restriction on automated algorithmic trading an appropriate transitional measure? What criteria should inform NERSA's eventual review of this restriction?

13. Do stakeholders agree with the proposed prudential and default risk controls?

14. Are there any additional participant access or market participation requirements that should be included in the Framework?

7.3 Technical Standards and System Integrity

The Draft Trading Platform Framework establishes the minimum technical, cybersecurity and system integrity requirements for the Trading Platform to support its secure, reliable and continuous operation.

The proposed provisions address technical standards, system resilience, cybersecurity, disaster recovery, business continuity and assurance measures to safeguard the integrity and availability of the Platform.

Stakeholder Consultation Questions

15. Are the proposed minimum technical standards appropriate to support the secure and reliable operation of the Trading Platform?

16. Are the proposed cybersecurity, disaster recovery and business continuity requirements adequate to protect the Trading Platform against operational and cyber risks?

17. Are the proposed assurance, testing and compliance requirements sufficient to demonstrate that the Trading Platform meets the required technical and operational standards?

18. Are there any additional technical or system integrity requirements that the Regulator should consider including in the Framework?

7.4 Trading Operations and Market Conduct

The Draft Trading Platform Framework establishes requirements governing trading activities conducted through the Trading Platform to promote fair, transparent and orderly market operations.

The proposed provisions address the submission, validation, amendment and withdrawal of bids and offers, gate closure arrangements, prohibited market conduct, automated trading and the communication of market information to support equal treatment, market integrity and reliable market outcomes.

Stakeholder Consultation Questions

19. Are the proposed requirements governing bid and offer submission, validation and gate closure appropriate to support fair, transparent and orderly trading?

20. Are the proposed provisions on prohibited market conduct sufficient to identify and address conduct that may distort market outcomes or undermine market integrity?

21. Are the proposed controls relating to automated trading and the communication of market information adequate to promote fair participation and prevent information asymmetry?

7.5 Data Governance, Publication and Retention

The Draft Trading Platform Framework establishes requirements for the governance, management, publication and retention of market data generated or processed through the Trading Platform.

The proposed provisions address data accuracy and validation, near-real-time data feeds, publication requirements, data retention and NERSA's access to complete, reliable and machine-readable information necessary for regulatory oversight and market surveillance.

Stakeholder Consultation Questions

22. Are the proposed data capture, accuracy and validation requirements sufficient to ensure the integrity and reliability of information generated and processed through the Trading Platform?
23. Are the proposed publication, data retention and near-real-time data requirements appropriate to support transparency and effective market operation?
24. Do the proposed regulatory data access requirements provide NERSA with sufficient and timely information to perform its regulatory oversight and market surveillance functions?
25. Is the proposed minimum five-year data retention period appropriate, or should a different retention period apply to particular categories of market data?

7.6 Incident Management, System Disruptions and Operational Resilience

The Draft Trading Platform Framework establishes requirements for identifying, managing and responding to incidents and system disruptions that may affect the operation or integrity of the Trading Platform.

The proposed provisions address incident classification and notification, post-incident reviews, contingency and manual fallback arrangements, administered settlement and continuous improvement measures to support the resilience and continuity of market operations.

Stakeholder Consultation Questions

26. Are the proposed incident classification, notification and response requirements appropriate for managing incidents affecting the Trading Platform?

27. Are the proposed contingency, manual fallback and administered settlement arrangements sufficient to maintain orderly market operations during significant system disruptions?

28. Are the proposed post-incident review and continuous improvement requirements adequate to identify recurring weaknesses and strengthen the operational resilience of the Trading Platform?

7.7 Market Surveillance and Compliance Monitoring

The Draft Trading Platform Framework establishes requirements to enable effective market surveillance and ongoing monitoring of compliance with the Framework, the Market Code, applicable Market Rules and regulatory conditions.

The proposed provisions address surveillance data requirements, internal compliance monitoring, market conduct monitoring, regulatory audits and inspections, information sharing and risk-based oversight to enable NERSA to identify and assess potential non-compliance and conduct that may affect market integrity.

Stakeholder Consultation Questions

29. Are the proposed market surveillance data and monitoring requirements sufficient to enable NERSA to identify and assess potential market misconduct and regulatory non-compliance?

30. Are the proposed compliance monitoring, audit and inspection arrangements appropriate to support effective ongoing regulatory oversight of the Trading Platform?

31. Are the proposed information-sharing and risk-based oversight arrangements sufficient to support cooperation between NERSA, the Market Operator, the Transmission System Operator and other relevant authorities while protecting confidential and commercially sensitive information?

7.8 Regulatory Approval Conditions and Continuing Compliance

The Draft Trading Platform Framework establishes the regulatory approval requirements that must be satisfied before the Trading Platform may commence commercial operation and the obligations that apply throughout its continued operation.

The proposed provisions address the approval application and assessment process, conditions of approval, commencement of commercial operation, material changes to an approved Trading Platform, periodic review and NERSA's ability to vary, suspend or withdraw approval where continued compliance is not maintained.

Stakeholder Consultation Questions

32. Are the proposed application, assessment and approval requirements appropriate to enable NERSA to determine whether the Trading Platform is ready for commercial operation?

33. Are the proposed requirements governing material changes to an approved Trading Platform sufficient to ensure that changes with potential regulatory or market impacts remain subject to appropriate oversight?

34. Are the proposed continuing compliance and periodic review requirements proportionate and sufficient to ensure that the Trading Platform continues to meet applicable regulatory requirements after approval?

35. Do stakeholders agree with the proposed grounds and process for the suspension, variation or withdrawal of approval?

7.9 Enforcement, Regulatory Intervention and Appeals

The Draft Trading Platform Framework establishes the principles and mechanisms through which potential breaches relating to the Trading Platform may be detected, investigated and addressed by NERSA.

The proposed provisions address breach reporting and investigation, regulatory information and audit powers, graduated enforcement measures, liability and rights of appeal or review to support proportionate, procedurally fair and effective regulatory intervention.

Stakeholder Consultation Questions

36. Are the proposed processes for detecting, reporting and investigating breaches sufficiently clear to support effective regulatory enforcement?

37. Are the proposed graduated enforcement and regulatory intervention measures appropriate and proportionate to the nature and seriousness of potential non-compliance?

38. Do the proposed enforcement arrangements provide an appropriate balance between effective regulatory intervention and procedural fairness, including rights of appeal or review?

7.10 Reporting, Assurance and Information Management

The Draft Trading Platform Framework establishes ongoing regulatory reporting, assurance and information management requirements to enable NERSA to assess the performance and continued compliance of the Trading Platform.

The proposed provisions address regulatory reporting obligations and standard reports, independent assurance, record management, confidentiality and information sharing to ensure that regulatory information is reliable, auditable, appropriately protected and available for regulatory oversight.

Stakeholder Consultation Questions

39. Are the proposed regulatory reporting requirements sufficient to provide NERSA with the information necessary to monitor the performance and continued compliance of the Trading Platform?

40. Are the proposed independent assurance requirements appropriate to provide objective verification of the Trading Platform's compliance, controls and operational performance?

41. Are the proposed information management, confidentiality and information-sharing requirements adequate to support regulatory oversight while protecting confidential and commercially sensitive information?

7.11 Transitional Arrangements and Legacy Market Arrangements

The Draft Trading Platform Framework recognises that SAWEM will be implemented over a Transition Period commencing on the Commencement Date and continuing until a date determined by NERSA following a Market Assessment, during which certain market processes and operational arrangements may evolve as market capability develops. It permits temporary operational arrangements during this period, subject to conditions including that such arrangements be clearly documented, publicly communicated, time-bound and subject to periodic regulatory review. It further addresses the treatment of legacy bilateral contracts, Central Purchasing Agency transactions and other regulated transactions that must continue to be accommodated during the transition to a fully competitive market.

Stakeholder Consultation Questions

42. Are the proposed transitional arrangements appropriate to support an orderly transition from existing and legacy market arrangements to the Trading Platform?

43. Are any additional transitional measures required to address operational, regulatory or participant readiness during the implementation of the Trading Platform?

44. Are the proposed arrangements for accommodating legacy contractual and regulated transactions adequate?

45. Are the proposed arrangements for periodic review of the Framework appropriate, and what factors should NERSA consider when determining whether an earlier review or amendment is necessary?

8. Conclusion

NERSA invites stakeholders to submit written comments on the proposed Trading Platform Framework. Inputs received will inform the final Framework before approval.

9. ANNEXURE A

The full text of the proposed SAWEM Trading Platform Framework, September 2026, accompanies this Consultation Paper as Annexure A and forms an integral part of this consultation.