Market Code Consultation

Stakeholder comments

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Process undertaken to finalise the Market Code

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Forms of engagement

Detailed Workshops

Key activities

1. Launch of the draft Market Code on 19 April 2024 including high-level introduction of the Code
2. 10 hybrid workshops over 4-5 months, forum from key participants was formed

- Nature of the multi-market
- Legal and governance
- Day-ahead market
- Intra-day, balancing & metering
- Distributors and retailers in the market
- International trade through SAPP
- Settlements and credit cover
- Ancillary services and reserve markets
- Hedging and contracts for differences
- Revision session
- Additional workshop for municipalities

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Forms of engagement

Written submissions

Key activities

3 Written submission by 29 October 2024

4 Feedback to commentators on the incorporation of their comments in the revised Code (including “page-turner” events on the revisions to the Code)

- Samancor / Rio Tinto / CRESCO
- Energy Council
- Eskom Generation
- Discovery Green
- Michael Barry / Graeme Chown
- Eskom Distribution
- Energy Intensive User Group
- City of Cape Town
- Sasol
- Just Energy Transition Africa Initiative
- Western Cape Government
- Lovemore Chilimanzi
- SAWEA
- Africa Greenco
- Radd Consulting
- FlexED

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Forms of engagement

Legal Due Diligence

Key activities

5 NECOM provided support from ENS to review specific questions and inputs regarding the legal mechanisms of the Code and relationship with other regulations and legislation

Common Themes of inputs (1)

- Context of the Market Code in industry reform
  - Timelines
  - Vesting contracts and other transition mechanisms
  - Wholesale tariffs
  - Future developments (specifically capacity markets)

- Role of the CPA in the market and conflicts of interest with MO function

- Legal questions on the role of Code and MO relative to NERSA and SO

- Definitions (Section 2)
  - Alignment of definitions with ERAA
  - Definitions referencing other parts of the Code rather than stand-alone
  - Missing definitions
  - Definitions for terms not used in the Code

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Common Themes of inputs (2)

- Governance in the market
  - Oversight role of NERSA vs administrative role of the MO
  - Code modification process (transparency, speed)
  - Impact of default, suspension or termination of participants on retail consumers

- Market Surveillance
  - Why is the Market Surveillance Unit in the MO and not with NERSA?

- Dispute Resolution mechanism
  - Relationship with Intergovernmental Relations Framework Act requirements
  - Arbitrations provisions

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Common Themes of inputs (3)

- Balance Responsibility vs Market Participation
  - Qualifying criteria – who has to be balance responsible?
  - Role of Traders
  - Extent to which consumers are balance responsible
  - Wheeling reconciliation
  - Day-ahead submissions clarity
  - Portfolio management
  - Risks for individual generators (especially wind generators) and forecasting effectiveness

- Trading Units and Trading Facilities
  - Confusing definitions and utilization in the Code
  - Defining a portfolio of sites (customers or generators) within a Trading Unit
  - Need to balance across a portfolio

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Common Themes of inputs (4)

- International Trade
  - Allowing for cross-border physical bilaterals
  - Clarification of the roles of the CPA, SO and MO in terms of cross-border trades

- Congestion Management
  - Some preference for price areas
  - Concerns regarding two schedule mechanism and associated costs

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