Road to SAWEM 2026

The Role of Balancing (BRP)

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The Role of a Balance Responsible Party and Compliance Measures

Balance Responsible Parties (BRPs) play a critical role in energy markets as they are tasked with maintaining a balance between energy production and consumption within their contracted scope. This responsibility ensures the stability of the energy grid and the functionality of market operations.

1. The Role of a BRP in the Market

The System Operator (SO) is ultimate responsibility for maintaining real-time balancing of the electricity system through the use of contracted ancillary services. Embedded generators can cause system imbalance if their loading behaviours are not properly coordinated and controlled. These generators and battery storage systems supply energy and ancillary services which are used for balancing through up or down adjustments of output as required by the SO for balancing purposes. These services must be compensated for through approved market mechanisms. It is crucial that these generators are visible to both transmission and distribution SOs. Properly coordinated operations are essential, and this visibility requires regulated rules, formalised market mechanisms, and commercial incentives to encourage behaviour that supports the SO in planning and delivering a stable grid

A Balance Responsible Party (BRP) is an entity that will be held responsible for ensuring adherence to forecasted supply and/ or demand in the Day Ahead Market (DAM) and thus maintaining balance between supply and demand to enable system balance.

The BRP must perform the function of forecasting and scheduling generation and/or demand and then exchanges this data/information with the SO for dispatch. The BRP continues to monitor performance of its schedules during delivery so that it may reduce imbalances through rescheduling by participating in intra-day markets – when available, or calling on its ancillary services, or incur penalties for imbalance as prescribed by the Market Operator.

Initially, balance responsibility will be placed on all generators greater than 10MW and all registered Market Participants, and then progressively expand to include loads, distributors, and the balancing of trader portfolios. Ultimately, the balancing mechanism will operate within the ancillary services market. This will establish learnings and preparation for all other Market Participants.

In a future development, the inclusion of an Intra-day Market will allow for intraday adjustments to schedules and offered capabilities.

2. What Participants need to Perform as BRPs in SAWEM

a. Forecasting and Bidding Capability

In the day ahead market, each BRP forecasts demand for each of the twenty-four (24) hours (Trading Periods) of the following day (Dispatch Day) commencing at hour ending 01:00. Generators and/or traders declare their availability and loads declare their demand for each of those hours. Accepted market results are exchanged with the SO for delivery the following day. Each seller and buyer is bound by the dispatch schedule issued by the System Operator (SO), which specifies the expected generation or consumption levels. Where network constraints arise, the SO may execute a constrained re-dispatch process. This results in a revised dispatch schedule that differs from the original unconstrained schedule, based on localised system limitations.

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

b. Balance Responsibility

At the day ahead trading stage, balance is arrived at through accurate scheduling of generation and consumption i.e. trading into balance. Initially, due to inexperience, high levels of inaccuracy are likely with some imbalance penalties being incurred. This may be more pronounced at LPUs as generators and Traders may have some experience already with their current bilateral contracts. However, with training and experience, scheduling accuracy will improve, limiting imbalances and financial risk.

When an intra-day market exists, traders/participants will be able to adjust their schedules a few hours ahead of delivery and reschedule with the SO. Where a balancing market exists, traders/participants may also get a last chance to reschedule using locked market prices of

unmatched capacities. Rescheduling reduces the amount of imbalance before it occurs. These two areas of market functionality will be established progressively in future in SAWEM.

It is assumed that balancing will initially operate with a 5% schedule error tolerance and a fixed penalty tariff will apply, but this will change in future to a market driven penalty tariff.

Generators of 10MW and above, that elect to remain out of the SAWEM, must still be a BRP that must be approved by the MO and will be liable for imbalance compensation or penalties. However, their imbalance payment mechanism is not defined at present, so clarity is required from the MO.

c. Metering

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

Network operators (Tx and Dx) are the custodians of metering data as they are the ones who commission these meters and ensure their conformance to standards. The expectation is that all the metering data will be exchanged with the MO by network operators. However, the BRPs must confirm that their meter data is accurate. MO should ask each BRP to do this confirmation. Unavailability or wrong metering data leads to financial consequences as participants may be inaccurately billed.

d. Contractual Agreements

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

e. Transaction Settlement Requirements

BRPs must open trading accounts at the transaction clearing bank nominated by the MO to enable the MO to move funds and pay for transactions entered into.

A Collateral Reserve Account or Trading Clearing Account must be established for Credit Cover purposes as per item 6. 2 of the Market Code. The applicant shall nominate its credit cover instrument. The MO must be authorised to move funds to pay for transactions. BRP must be ready to replenish security account when it has been drawn down lest it be prepared to be barred from trading.

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

f. Trading Procedures

BRPs need to understand market rules and all trading procedures that include balance responsibility, and availability submission. Training on the rules and procedures is required to bring all BRPs to the same level of understanding and prepare them for performing their individual roles in the market. Without training there will be discordance in the market leading to disputes and/or system instability. BRPs will be required to attend the Market School courses to prepare them for their roles.

g. Trading Tools and Technology

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

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

h. Capacity building and Trader certification

BRP staff needs to be trained on the functioning and requirements for SAWEM so that they are prepared for their role in a new market environment. They need to understand the roles and responsibilities of the entities they will be interacting with and their own roles, responsibilities and obligations. They will need to understand the market rules and procedures that apply to each entity. Traders will need to be certified before they can get trading codes that allow them to submit bids and receive results.

Actions to Support BRP Implementation

- Conclude Market Balancing Agreements with the MO
- BPR's to be trained, certified and receive trading codes from the Market Operator
- Register metering points and ensure compliance with Grid Code metering standards.
- Set up operating and collateral accounts with the Market Bank
- Ensure forecasting and bidding systems are in place and compatible, including accurate weather forecasting.
- Confirm initial penalty tariff to encourage behaviour that supports system stability and grid planning.
- Initiate the balancing mechanism through the CPA and Section 34 IPPs to launch balancing in the Market. Include all other IPP generators above 10MW capacity later.
- Progressively expand to other Market Participants and Distributors.
- Prepare for the inclusion of intra-day markets to allow for adjustments in schedules and capabilities during the delivery period.

3. Summary of Risks and Readiness Check List

Category	Risk	Impact	Readiness Check List			
				LPUs	IPP	Trader
Forecasting and Bidding Capability	System instability and imbalance penalties due to poor or lack of capacity for accurate forecasting and bidding	Market inefficiency with unnecessary costs	Acquisition of generation and load forecasting tools			
			Training of staff in accurate forecasting and bidding procedures			
			Access to accurate generation availability figures			
Metering	Inaccurate billing due to non-conforming meters	Disputes and market distortions	BRPs adhere to specified metering standards			
			Meter identification and registration checks			
Contractual Agreements	Inability to trade if not admitted by MO	Financial loss due to lost trading opportunities	BRP to conclude Balancing Agreement with the MO			
Transaction Settlement	Inability to trade in the market if Party does	Financial loss due to lost trading opportunities	Each BRP must open its operating and credit cover accounts			

	not have requisite operating and collateral accounts		MO to decide on quantum of credit cover	MO to execute	MO to execute	MO to execute
Trading Procedures	Inefficient trading in the market	Discordance in the market leading to inefficient trading, disputes and/or system instability	Training on market rules and procedures			
			Attend market school			
Trading Tools and Technology	Inefficient and inconsistent trading in the market	Inability or unnecessary interruptions in trading	Acquisition of laptops that are compatible with the MO system			
			Availability of reliable telecommunications systems			
		Poor visibility and data collection from network	Availability of SCADA system to Big BRPs and data collection			
			Review systems for compliance and close all identified gaps			
Capacity Building	Inability and/or inefficient trading	Financial loss due to lost trading opportunities	Training on roles and responsibilities of the entities they will be interacting with			
			Training on understanding own roles, responsibilities and obligations			
			Training on understanding of market rules and procedures			
			Training for certification to trade	Yes	Yes	Yes