



Department of Energy, Mines,  
Industry Regulation and Safety  
Energy Policy WA

# Response to Stakeholder Submissions

Exposure Draft of WEM Investment Certainty and RCM  
Review Amending Rules  
January 2025

Working together for a **brighter** energy future.

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# Overview

Electricity markets around the world are undergoing a major transition in the move to a net zero emissions energy sector. Significant network, renewable generation and Electric Storage Resource (ESR) investment will be required in the South West Interconnected System (SWIS) over the next decade to continue to deliver on the energy trilemma of reliable, affordable and environmentally responsible electricity supply.

The WEM must be able to deliver price signals that drive efficient investment. Providing better certainty for investors in new low emissions energy technologies will help meet emission reduction targets while maintaining reliability in the SWIS.

To address the challenges of the energy transition, the Coordinator of Energy (Coordinator) has commenced a number of WEM reviews since the start of 2022, the most significant of which was the review of the Reserve Capacity Mechanism (RCM)<sup>1</sup>. The most extensive change to the WEM Rules following the completion of the RCM review was the introduction of the Flexible Capacity product, which was aimed at incentivising investment in storage and flexible gas plant.

Since then, significant work has been undertaken by EPWA and stakeholders, through the Market Advisory Committee (MAC) and MAC Working Groups, to enhance certainty for investment in Reserve Capacity through the WEM Investment Certainty (WIC) review.

The Coordinator, in consultation with the MAC, is conducting the WEM WIC review under clause 2.2D.1 of the WEM Rules. The review includes a package of specific WEM reform initiatives that aims to improve investment certainty for renewable generation and new firming capacity.

More information on the WIC Review is available on the EPWA website<sup>2</sup>, including the Scope of Work for the review, the Consultation and Information Papers (Initiatives 1 and 2), and the submissions by stakeholders.

## Re-sequencing of the WEM Amending Rules implementing the outcomes of the RCM Review

The WEM Amendment (Reserve Capacity Reform) Rules 2023 (the RCM Reform Rules) implementing the outcomes of the RCM review were made by the former Minister in early December 2023.

At that time, the Australian Energy Market Operator (AEMO) provided rationale for the sequencing of the RCM Reform Rules, and outlined how the implementation of different aspects of the reform package may impact on the normal RCM timeframes and therefore required staging.

Based on that AEMO's rationale, the RCM Reform Rules were laid out in four schedules assuming a certain order, in which they were to be sequenced/commenced, with only the first schedule commencing upon the gazettal of the RCM Reform Rules in December 2023.

AEMO subsequently revised the timeline for implementing the RCM Reform Rules and identified a number of areas, in which it would not have the ability to implement the RCM Reform Rules as originally staged. This required changes to the remaining three schedules of the RCM Reform Rules, that were yet to be commenced, prior to their implementation.

EPWA, in consultation with AEMO, made amendments to the three remaining schedules of the RCM Reform Rules to provide for AEMO's revised implementation sequence of these schedules

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<sup>1</sup> [Reserve Capacity Mechanism Review](#)

<sup>2</sup> [Wholesale Electricity Market Investment Certainty Review](#)

and to address required drafting changes. The more substantial additional changes, which have undergone public consultation since the RCM Reform Rules were made, include:

- changes to the dynamic baseline methodology, previously consulted on during EPWA's Demand Side Response review, to make it more suitable for different types of aggregated resources participating in the RCM;
- changes to the determination of the Individual Reserve Capacity Requirement (IRCR) of Associated Loads that are part of a Demand Side Programme dispatched during an IRCR Interval; and
- a transitional provision to delay the commencement of certain obligations related to Flexible Reserve Capacity if there is an excess of Flexible Capacity Credits to allow AEMO to bring the implementation of some of the remaining reforms forward.

The re-sequencing of the RCM Reform Rules, and commencement of the Flexible Capacity rules, is necessary to implement other changes, included in this package, such as those implementing WEM Investment Certainty (WIC) review initiatives.

The WIC review includes a package of WEM reform initiatives announced by the former Minister on 9 May 2023 and aims to improve investment certainty for renewable generation and new firming capacity, while maintaining system security and reliability and without unduly increasing the cost to consumers.

EPWA has completed consultation with stakeholders on Initiatives 1 and 2 of the WIC review:

- Initiative 1: Reviewing the Reserve Capacity Price (RCP) curve to determine if it needs to be adjusted to send sharper signals for investment when demand for new capacity is stronger; and
- Initiative 2: A ten-year RCP guarantee for Flexible Capacity and new technologies, such as long-duration storage.

The stakeholder consultation included:

- Eight MAC meetings and seven meetings of a Working Group established by the MAC to assist with the WIC review;
- A Consultation Paper, which was issued for public consultation in July 2024;
- An Information Paper outlining the final review outcomes for Initiatives 1 and 2 of the WIC review;
- An Exposure Draft of the proposed WEM Amending Rules published on 13 November 2024, with public submissions closing on 9 December 2024.

## The WEM Amending Rules to implement Initiative 1 and 2

### *WEM Amending Rules to implement Initiative 1*

The RCP sets the amount Facilities get paid per megawatt of Capacity Credits they are assigned. Under the current RCP curve, no additional investment signal is provided in the event of a capacity shortfall as the RCP is at the price cap at the Reserve Capacity Target. Conversely, the RCP goes to zero in the event of capacity oversupply.

Initiative 1 seeks to ensure that:

- a sharper signal for investment in new capacity is provided during a capacity shortfall;
- customers are not overpaying for capacity when the Reserve Capacity Target is met by setting the RCP at the benchmark price;

- the capacity price floor is set at 50% of the RCP in the event of capacity oversupply (i.e. not at zero). This is to provide investors with revenue certainty to enable them to make an investment decision, while also ensuring that customers are not overpaying for capacity during a capacity surplus;
- volatility of RCP is reduced by ensuring that a *single* Facility build, or retirement, cannot cause the RCP to move around the target;
- there is an investment signal for Flexible Capacity, even in the event of a shortfall in Peak Capacity.

#### *WEM Amending Rules to implement Initiative 2*

Initiative 2 seeks to allow the following Facilities to receive (upon request) a fixed RCP for 10 years:

- any new Facility providing Flexible Capacity in Capability Class 1, to incentivise an early investment of new gas plant;
- any new firm generation or storage Facility using a renewable energy source in Capability Class 1 and Capability Class 2; and
- any new long-duration storage Facility that can provide firm output for the longest forecast ESR Duration Requirement over the ten-year horizon in the Electricity Statement of Opportunities published in the Reserve Capacity Cycle in which it requested the fixed RCP.

A ten-year period of fixed RCP for proponents of new flexible and firming technologies, such as new gas plant and long-duration storage is expected to incentivise investment in these technologies which will allow more renewable energy to connect.

#### [Exposure Draft of WEM Investment Certainty and RCM Review Amending Rules](#)

EPWA developed and published an Exposure Draft of changes necessary to re-sequence the WEM Amending Rules implementing the outcomes of the RCM Review and to implement the outcomes of the Initiatives 1 and 2 of the WIC review. Stakeholders were invited to provide written feedback by 9 December 2024.

The Exposure Draft of WEM Investment Certainty and RCM Review Amending Rules can be found on the EPWA's [website](#).

The [Wholesale Electricity Market Amendment \(RCM Reviews Sequencing\) Rules 2025](#), were approved by the Minister for Energy on 9 January 2025 and published in the Government Gazette on 14 January 2025.

#### [Responses to Submissions](#)

EPWA considered all stakeholder feedback before finalising the WEM Amending Rules and has provided a response to the feedback in the table below.

## Responses to stakeholder submissions on the Exposure Draft of the WEM Investment Certainty and RCM Review Amending Rules

Submission	Comments/Issues Raised	Clause #	Requested Changes/Action	Energy Policy WA Responses
AEMO	<p>AEMO notes that these clauses will require system changes to enable the provision of information in the application for Certified Reserve Capacity (CRC).</p> <p>Clause 4.10.1 requires the system changes to be in place before 14 April 2025. Given AEMO's current workload and the insufficient time between a rule gazettal and the deadline to release the software changes, AEMO is unable to commence these changes for the 2025 cycle.</p>	4.9.9 4.10.1		To reflect AEMO's submission, this change is included in Schedule 2 of the Wholesale Electricity Market Amendment (RCM Reviews Sequencing) Rules 2025 which commences on 1 January 2026.
AEMO	<p>AEMO notes multiple outcomes under the current drafting of clause 4.9.9(b):</p> <p>...</p> <p>(b) (b) A Market Participant provides evidence under clause 4.10.1(e)(v)(3) or 4.10.1(fA)(vi)(1).</p> <p>(c) AEMO advises under clause 4.9.9(b) that they are fuelled by renewables and they receive the 10-year fixed price under clause 4.14.1CB.</p> <p>(d) The next year, the Market Participant provides the statement that they do not want to be considered for renewable fuelled (and thus don't provide evidence).</p> <p>(e) As no evidence has been provided, AEMO cannot advise anything under clause 4.9.9(b) and the Market</p>	4.9.9(b)	See AEMO submission	<p>Non-Intermittent Generating Systems and Electric Storage Resources (ESR) are eligible for a ten-year fixed Reserve Capacity Price (RCP) if they are fuelled by Eligible Renewable Energy Sources.</p> <p>Clause 4.9.9(b) is amended to require AEMO to advise the Market Participants submitting applications for these Facilities if they have provided sufficient evidence of Eligible Renewable Energy Sources.</p>

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	<p>Participant therefore retains the 10-year fixed price status.</p> <p>AEMO suggests changes are required to clause 4.14.1CC to address this.</p> <p>AEMO provides recommended drafting under 4.14.1CC (which includes drafting to address other concerns with this clause) and considers these changes should be drafted at the same time as AEMOs proposed changes to clauses 4.10.1(e)(v)(3) and 4.10.1(fA)(vi).</p>			
AEMO	<p>AEMO questions the need for further information in a WEM Procedure as the drafting includes an extensive list of requirements.</p> <p>AEMO has a substantial number of WEM Procedures and considers that any unnecessary WEM Procedures should be avoided to minimise cost and compliance obligations on AEMO and Market Participants.</p>	4.9.10(c)(iii)	<p>AEMO's preference is to retain the current list in clause 4.9.10(c)(iii) without a WEM Procedure or it is required that the procedure head of power is limited to "how AEMO will assess whether a Facility is fuelled by Eligible Renewable Energy Sources.</p> <p>AEMO recommends that contractual information provided by Market Participants to AEMO under proposed clause 4.9.10(c)(iii)(1), 4.9.10(c)(iii)(3), and 4.9.10(c)(iii)(4) is classified as Confidential Information under the WEM Rules. Without this addition, AEMO may be required to provide the contracts in part, or full, if requested by any parties under Chapter 10 of the WEM Rules.</p>	<p>Clause 4.9.10(c)(iii) requires AEMO to document in a WEM Procedure how it determines whether a Market Participant has provided sufficient evidence of renewable supply and thereby demonstrating its eligibility for a ten-year fixed RCP.</p> <p>EPWA agrees that unnecessary WEM Procedures should be avoided but considers it is important for transparency to outline in a WEM Procedure how AEMO will undertake the assessment.</p>
AEMO	AEMO suggests these clauses are amended so that evidence is only required from Facilities that are nominating or continuing with the 10-year fixed price.	4.10.1(e)(v)(3) 4.10.1(fA)(vi)		Market Participants can request a ten-year fixed RCP for firm generation or storage fuelled by Eligible Renewable Energy Sources.

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	<p>AEMO suggests that removing the requirement for a statement from a Market Participant that does not want to be assessed as renewable-fuelled would make the process more efficient and reduce the administrative burden on both Market Participants and AEMO.</p> <p>AEMO considers that clause 4.10.1(e)(v)(3) should be amended to state that it does not apply to ESR, since ESR can be eligible for the 10-year price guarantee without renewable sourced fuel supplies if it can maintain output for at least as long as the ESR Duration Requirement over the 10-year Electricity Statement of Opportunities (ESOO) horizon.</p> <p>AEMO notes that clause 4.10.1(fA)(vi)(1) states that ESR must provide evidence that it is fuelled by renewable sources and can also meet the ESR Duration Requirement over the 10- year ES00 horizon. AEMO understands that the policy intent is for ESR to meet one, but not both, of these requirements and suggests the clause be amended to clarify this.</p>			<p>Clause 4.10.1(fA)(vi) gives ESRs two options to provide evidence of renewable supply to AEMO. This could be from charging from the grid (supported by network access), behind the fence or a combination of sources.</p> <p>The amendments apply in all relevant Capacity Years, requiring Market Participants to provide evidence that:</p> <ul style="list-style-type: none"> <li>• future supply will be renewable; and</li> <li>• if the component was in operation in the previous Capacity Year, that all previous supply was renewable,</li> </ul> <p>allowing AEMO to check continuing eligibility.</p> <p>Market Participants who do not want to avail of this opportunity do not have to provide this evidence to AEMO.</p> <p>New ESR (even if not charged from a renewable energy source) will also be eligible for a ten-year fixed RCP if it can demonstrate that its duration equals the longest duration in any year forecast in that year's ES00.</p>
AEMO	AEMO notes that subclause (g) regarding Demand Side Programmes should read subclause (i). and suggests combining this subclause with 4.14.1CA(b):	4.14.1CA(g)	4.14.1CA(b) the Facility Technology Type is part of a Facility that is not a Non-Scheduled Generator or <u>Demand Side Programme</u> .	Noted and amended as suggested.
AEMO	AEMO suggests the wording of the clause is adjusted to reflect that only new Facilities can access the 10-year price	4.14.1CB		Noted and amended as suggested.

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	guarantee, including addressing the reference in clause 4.14.1CB(b)(ii) to “currently” maintaining output ESRs, which is not applicable for new Facilities.			
AEMO	<p>AEMO suggests using “Flexible Capacity Credits” under clause 4.14.1CC(a) instead of “Flexible CRC” as AEMO cannot validate under this clause until it has already determined the Capacity Credits and calculated the prices.</p> <p>AEMO understands that sub-clauses (a) – (c) are intended to be mutually exclusive, with the final sub-clause (d) applying in addition to one of the sub-clauses (a) – (c). However, the current drafting does not reflect this.</p> <p>AEMO proposes amendments to address the two issues identified above, and the issue raised under 4.9.9(b) above.</p>	4.14.1CC	See AEMO submission	<p>The clause has been amended to:</p> <ul style="list-style-type: none"> <li>remove the reference to “Flexible CRC” as suggested; and</li> <li>clarify that subclauses (a), (b) and (c) are mutually exclusive.</li> </ul> <p>EPWA notes that subclauses (b) and (c) commence at a later date than the rest of the clause.</p>
AEMO	<p>AEMO notes there is an inconsistency between the proposed new requirement and clause 4.11.4. The change implies that at least for a Scheduled Facility or Semi-Scheduled Facility, AEMO would only assign a Capability Class at the Component level. However, this is not clear in clause 4.11.4 (e.g. under (a) it refers to Facility but not component). AEMO’s current implementation is to only classify Capability Class for a Facility.</p> <p>AEMO notes this change would require significant system changes, which cannot be accommodated in time for the June 2025 RCM system releases.</p>	Appendix 3 “prioritisation order”	As there are no hybrid Facilities with Non-Intermittent Generating Systems (they are all currently in Capability Class 1), AEMO suggests delaying commencement of this change, as well as making consequential changes to clause 4.11.4 to remove any inconsistency.	<p>Clause 4.11.4 has been amended since the Exposure Draft to make clear that when AEMO assigns a Capability Class this refers to the component of a Facility.</p> <p>The tiebreak prioritisation order in Appendix 3 is amended to reflect that Capability Classes are allocated at Facility Component level, not Facility level.</p> <p>The changes to Appendix 3 are introduced in Schedule 7 and do not currently have an implementation date.</p>

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Alinta Energy (Alinta)	<p>Alinta is concerned that even the proposed transitional approach to implementing the Flexible RCM carries a significant implementation burden and with no clear date on when the Relevant Level Method (RLM) will be implemented, noting that it may not be needed in the next five to ten years due to:</p> <ul style="list-style-type: none"> <li>• the recent influx of investment in battery storage capacity</li> <li>• the strong likelihood of future investment due to the Capacity Investment Scheme (CIS).</li> <li>• the Economic Regulatory Authority determining the Flexible Reserve Capacity candidate technology to be the same as that for Peak Reserve Capacity – flexible technologies should have adequate incentives to invest regardless.</li> </ul>		<p>Alinta recommend that the RLM is given a firm implementation date rather than the Flexible RCM.</p> <p>Alinta note the link of the minimum criteria with the proposed 10 year price lock in requirements and suggest similar criteria can be specified regardless of whether the Flexible RCM proceeds in its entirety.</p>	<p>Transitional provisions to obviate Flexible Capacity obligations if there is over supply of Flexible Capacity that would result in no additional payments for Flexible Capacity Credits to allow AEMO to bring the implementation of the RLM forward were introduced at clause 1.63.10.</p> <p>A non-zero RCP can occur even if there is not a shortfall of Flexible Capacity. In that situation Market Participants should be paid for it and the relevant obligations should apply.</p>
Alinta	<p>Alinta remain concerned about the potential complexity of minimum Flexible Capacity requirements and the risk that they are set in such a way that does not accredit capacity that contributes to the ramping requirement and therefore inadvertently signals a need for further investment</p>		<p>Alinta recommend that the Flexible Reserve Capacity requirement is delayed indefinitely, subject to a desktop analysis like that which underpinned its conception during the design phase.</p>	<p>One of the key outcomes of the RCM review was the introduction of the Flexible Capacity product, it was consulted on extensively over a two-year period. AEMO has consulted on the minimum Flexible Capacity requirements and EPWA expects that stakeholders have provided feedback in that process.</p>
Alinta	<p>Alinta note that it is not clear how the proposed changes to rule 4.14.1CA interact with proposed new rule 4.14.1CB. Alinta consider that as proposed rule 4.14.1CA refers to the whole of rule 4.14.1B it appears that the requirements</p>	4.14.1CA	<p>Alinta recommend that rule 4.14.1CA be further amended to clarify its intention with respect to Fixed Price Facilities and/or Fixed Price Components.</p>	<p>Clause 4.14.1CA has been amended since the Exposure Draft to clarify the application of 4.14.1CA (applying for fixed price status) with 4.14.1CB (5 years vs 10 years).</p> <p>Clause 4.14.1CB has also been amended with subclause (d) included to clarify that a Facility Technology Type within a Facility may only be nominated to be classified as a Fixed Price</p>

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	are in addition to those set out in proposed new rule 4.14.1CB.			Component under clause 4.14.1B(b) if it also meets the requirements set out in clause 4.14.1CA to be classified as a Fixed Price Component under clause 4.14.1B(a).
Alinta	Alinta support the delayed timing for regular reviews of the shape of the Benchmark Reserve Capacity Price (BRCP) curve to every six years and for it to coincide with the Benchmark Capacity Provider review.			Noted.
Enel X	Enel X consider that setting the minimum price of the Peak RCP at 50% of the BRCP for all resources signals to the demand-side that their contribution is valued and investments to activate demand response have ongoing support.			Noted.
Enel X	Enel X consider that efficient deployment of DSP resources is boosted by aggregations of geographically diverse resources. Aggregation limitations across Transmission Nodes (TN), particularly when the setting of those TNs is not timely or consistent has the potential to unnecessarily constrain DSPs.			EPWA notes that the changes governing the deployment of DSPs are extensive and that the limitation around Transmission Nodes is a design decision made by the Energy Transformation Taskforce but considers that it can be reassessed once there is some experience with the new regime.
Enel X	Enel X notes that the ability for DSP aggregators to operationalize participation in the RCM is strongly influenced by the timely availability of TN identifiers and the ability to allocate TN identifiers to resources. Enel X considers that these risks have the potential to constrain the economically available DSP resource pool with little benefit in reducing costs to consumers.	4.4B.9(f) 2.29.5AB, 2.29.5AD	Enel X suggest that the benefits of portfolio diversity and operational simplification warrant further consideration of the required granularity of TN association needed for market operations. Grouping TNs into regions for the purpose of DSPs may provide a better balance for managing	Clause 4.4B.9(f) was introduced to require the Network Operator to provide AEMO with the list of Transmission Nodes that it expects to be in service at the start of the relevant Capacity Year. The clause has been amended since the Exposure Draft to refer to substation names instead of TNs as there is currently no way in which to link Transmission Node Identifiers (TNIs) to substation names used in Limit Advice, which is needed to publish the list of constrained TNIs at

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	<p>Enel X notes that the proposed Rules (Clause 2.29.5AD) are tolerant of 'in-year' decoupling of TN changes so questions if DSP association with TN identifiers is practically needed.</p> <p>Enel X consider that grouping TNs into regions for the purpose of DSPs may provide a better balance for managing market operations and activating low-cost demand-side resources</p>		market operations and activating low-cost demand-side resources.	<p>which aggregators cannot locate DSPs. This change was made to addresses AEMO's comment in Part 2 of this table.</p> <p>Clause 2.29.5AB applies to Market Participants, which have been assigned Peak or Flexible Capacity Credits for a DSP, and requires them to associate Non-Dispatchable Loads with the registered DSPs such that the date of association for the Associated Loads of each individual registered DSP is no later than 1 October of the relevant Capacity Year. It also requires them to notify AEMO of the number of Capacity Credits that are to be associated with one or more DSPs that are registered.</p> <p>Clause 2.29.5AD is introduced to ensure a DSP with more than one Associated Loads is not penalised for network changes outside of the relevant Market Participant's control.</p>
Enel X	<p>Enel X have examined a range of real-world scenarios and have identified that the Unadjusted Baseline Energy method can lead to punitive IRCR quantities for Associated Loads in a DSP. Adjusting the baseline to reflect operations on the day, avoids allocating unfair IRCR quantities to a site that has already reduced its load (e.g. a process load has tripped) but is part of a DSP aggregation that was dispatched for RCM. In this scenario there's no RCM benefit for the load and an over-estimated counterfactual is applied unfairly increasing the costs of the load (see Appendix in Enel X submission).</p>		<p>Enel X recommend using the Adjusted Baseline Energy rather than the Unadjusted Baseline Energy method to avoid punitive 'counterfactual' IRCR exposure during a DSP dispatch event.</p>	<p>EPWA acknowledges the concern and agrees that in the specific scenario where a load trips before a DSP dispatch will receive a higher IRCR than if it wasn't part of the DSP.</p> <p>However, the Adjusted Baseline can be very volatile for individual Loads (particularly small ones). Therefore, EPWA considers that using the Adjusted Baseline is suitable when aggregating Loads within the DSP, but not suitable for individual Loads.</p>
Enel X	<p>Enel X consider that end-users aren't ready to make an informed choice between DSP capacity payments or IRCR</p>	2.29.5B 2.29.5E	<p>Enel X recommend delaying the proposed 2.29.5B and 2.29.5E amendments until the 2027-28</p>	<p>The restriction that Loads associated with a DSP are not allowed to participate in an IRCR reduction scheme implements the current policy</p>

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	<p>management contracts. The proposed amendments to clauses 2.29.5B and 2.29.5E require end users to choose between IRCR management and DSP contracts and fail 'to meet end users where they are' which risks poor uptake of the less familiar DSP option.</p> <p>Enel X are wary that already contracted DSP resources may seek to focus on IRCR management. Enel X foresee DSP uptake benefits by providing a transition period where end-users face less restrictive requirements on IRCR management.</p>		<p>capacity cycle to provide end-users with the opportunity to experience the relative merits of either managing Capacity Purchaser Payments or participating in a DSP.</p>	<p>position that consumers should not pay twice for the same reduction. This is also reflected in the current regime where the Relevant Demand of a DSP cannot exceed its IRCR.</p> <p>EPWA considers that the changes governing the DSP regime are extensive and that the method regarding IRCR reduction could be reassessed once the new regime has been operational for a period.</p>
Enel X	<p>Enel X consider that DSP aggregators have limited legally sound options to make representations on forward looking behaviour of Associated Loads.</p> <p>With respect to Clause 2.29.5B(f) it is difficult for a DSP aggregator to provide a definitive statement regarding future activities of a contracted Associated Load.</p>	2.29.5B(f)	<p>Enel X suggests that if absolutely required, the intent of Clause 2.29.5B(f) may be more readily achieved if a DSP aggregator was required to obtain an undertaking from the contracted Associated Load that the Associated Load will not participate in an arrangement for the purpose of reducing Capacity Purchaser Payments.</p>	<p>Clause 2.29.5B(f) now clause 2.29.5B(a) is introduced to require a Market Participant applying to associate a Non-Dispatchable Load with a DSP to disclose whether the Load is expected to be subject to a contractual provision to reduce its IRCR exposure.</p>
Perth Energy	<p>Perth Energy is strongly supportive of the approach that ESR systems that enter service through the 2024 Reserve Capacity Cycle will retain their assigned Certified Capacity for a period of five years.</p> <p>Perth Energy note that the ESR Duration Requirement for the 2024 Reserve Capacity Cycle is defined as four hours, however, the 2024 ES00, published by AEMO, identifies an availability gap for 2026/27 of one Trading Interval such that</p>	Definition of the ESR Duration Requirement	<p>Perth Energy suggests a new market rule be developed to require AEMO to calculate the reserve capacity shortfall arising from the guaranteed capacity assignment to Battery Energy Storage Systems( BESS) over the period from 2026/27 and that this shortfall be added to the Reserve Capacity Target.</p> <p>EPWA and AEMO should assess the practicality of BESS providing</p>	<p>Changes were made to the definition of the Availability Duration Gap (ADG) which will set the ESR Requirement, and the RCM Reform Rules implemented changes to clause 4.13B.3 for a review conducted under clause 4.13B.1 to examine any trend in the ADG from year to year, and its implications for the approach to certification of ESR in the WEM, this change commences in Schedule 1.</p>

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	<p>the Electricity Storage Resource Obligation Duration (ESROD) is nine trading intervals.</p> <p>Perth Energy note that around 1500 MW of battery storage is expected to be in service in 2026/27 and because it is assigned certified capacity based on an ESROD of eight trading intervals whereas the actual ESROD is nine, these 1500 MW of storage can only provide around 1330 MW of reserve.</p> <p>Perth Energy note this leaves a physical shortfall of around 170 MW and because of the guarantee, this physical shortfall will increase proportionately if the ESROD increases beyond nine intervals over the coming five years.</p> <p>Perth Energy note that if the Coordinator is planning to soon undertake a review of the effectiveness of certification of reserve capacity for ESR, as is required under market rule 4.13B, these matters could be considered in that review. Perth Energy consider that this work should be completed in time for the next Reserve Capacity Cycle.</p>		<p>both Peak Reserve Capacity and Flexible Reserve Capacity. If the full capacity of a BESS cannot be committed to both services, appropriate market rules or procedures should be developed to apportion the facility capacity. Perth Energy considers that AEMO should revise its WEM procedure entitled “Certification of Reserve Capacity” to include:</p> <ul style="list-style-type: none"> <li>• Market Participants should advise how they intend to operate any BESS, including what ESS they will offer, and how they have estimated the maximum sent out capacity when the facility is operating in line with that intention, as set out in market rule 4.10.1(fA);</li> <li>• AEMO should set the CRC for a BESS at a level no higher than they reasonably determine based on the above advice;</li> <li>• AEMO should review the actual operating pattern of existing BESS systems and set the CRC for future years based on their reasonable review of how the BESS is being operated.</li> </ul>	
Perth Energy	Perth Energy questions whether a BESS can provide both Peak Reserve Capacity and Flexible Reserve Capacity due to the likelihood that BESS certified for Flexible Reserve Capacity are likely to be called on to inject substantial quantities of electricity into the system to maintain supply during the Trading Intervals when solar	Potential conflict in the provision of both Peak and Flexible Reserve Capacity.	As above	Analysis undertaken as part of the RCM Review, indicates that the highest ramp will not occur on the same day as the highest peak in the near future. In addition, ESRs are subject to Reserve Capacity obligations that require them to be available during peak and there are financial implications for failure to satisfy these.

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	<p>generation drops away late in the afternoon.</p> <p>Perth Energy note that at the end of these Trading Intervals, they are likely to be partially discharged - occasionally they will be close to fully discharged.</p> <p>The FEROSI will include the Trading Intervals leading up to the Electricity Storage Resource Obligation Intervals associated with the supply of Peak Reserve Capacity. BESS supplying Flexible Capacity are therefore likely to regularly be only partially charged at the start of the Peak Capacity obligation Trading intervals. These injections of electricity are to be expected during normal operation of a BESS fulfilling its flexibility obligations. As a result, the maximum sent out capacity of the BESS that can be guaranteed to be available to provide peak reserve capacity, as defined in market rule 4.10.1(fA) will be less than its installed capacity.</p> <p>Perth Energy notes that a simplistic assessment suggests that a MW of BESS capacity committed to Flexible Capacity is a MW that cannot also be committed to Peak Capacity. A probabilistic assessment, akin to the RLM, may show that a reduction ratio less than one-to-one may be acceptable. Perth Energy consider that this matter needs to be determined before the certification process for Flexible Capacity is commenced.</p> <p>Perth Energy consider that, if a BESS receives Capacity Credits for its full MW</p>			<p>EPWA considers that there are appropriate backstops in the WEM Rules to prevent the potential conflict in the provision of both Peak and Flexible Reserve Capacity from occurring.</p> <p>However, EPWA agrees that this will need to be monitored.</p>

Submission	Comments/Issues Raised	Clause #	Requested Changes/Action	Energy Policy WA Responses
	<p>capacity, it cannot guarantee to provide ESS for the period leading up to, during or after the ESROD. Alternatively, the BESS operator may choose to commit to providing Regulation or Contingency Services to the market but, if so, it cannot simultaneously offer the full facility capacity to provide Reserve Capacity.</p>			
Synergy	<p>Synergy disagrees with the requirement for ESRs to demonstrate that they are fuelled by renewable sources as an eligibility condition to receive the ten-year fixed RCP.</p> <p>The effect of this eligibility condition is to require ESRs to be backed by Power Purchase Agreements (PPAs) to secure this ten-year fixed price guarantee, which, Synergy considers will create a barrier to entry for new ESR Facilities.</p> <p>Synergy is of the opinion that this condition then renders the intended incentive ineffective as it results in ESR developers having to take on additional risks (via their renewable source PPAs) when wanting to secure the ten-year fixed RCP.</p> <p>Additionally, unlike for Facilities fuelled by non-renewable sources, such as coal or gas, there is no recourse (i.e., no spot market) for ESRs should there be shortfalls in renewable energy delivered under their linked PPAs. Existing renewable energy Facilities in the WEM are likely to already be fully contracted, therefore this will create a requirement for investors to also bring online new</p>	4.9.9 4.9.10	<p>Suggested drafting:</p> <p>Clause 4.9.9 AEMO must decide whether or not to ... (b) <del>whether AEMO considers that each Energy Producing System for which evidence has been provided in accordance with clause 4.10.1(e)(v)(3)(i), clause 4.10.1(e)(v)(3)(ii), clause 4.10.1(fA)(vi)(1) or clause 4.10.1(fA)(vi)(2) has only been fuelled by Eligible Renewable Energy Sources, and will only be fuelled by Eligible Renewable Energy Sources in the relevant Capacity Year;</del>[Blank];</p> <p>...</p> <p>Clause 4.9.9 AEMO must document the following in a WEM Procedure: ... (c) the procedure AEMO must follow when processing applications for Certified Reserve Capacity, including: ...</p>	<p>Non-Intermittent Generating Systems and ESRs are eligible for a ten-year fixed RCP if they are fuelled by renewable sources. Clause 4.9.9.(b) is amended to require AEMO to advise the Market Participant for these Facilities if they have provided sufficient evidence of renewable fuels.</p> <p>Clause 4.9.10.(c)(iii) requires AEMO to document in a WEM Procedure how it determines whether a Market Participant has provided sufficient evidence of renewable supply and thereby demonstrating its eligibility for a ten-year fixed RCP.</p>

Submission	Comments/Issues Raised	Clause #	Requested Changes/Action	Energy Policy WA Responses
	<p>renewable generation with their ESR projects. Synergy considers that this requirement impedes on the security and reliability of the WEM, as the additional reliability benefits of the new ESRs are countered by the increase in volatility from the new renewables that it also brings on-line.</p> <p>Synergy notes that the Commonwealth's CIS does not require ESRs to have contracted renewable energy supplies to be eligible to participate in the CIS tender and considers these to be clean energy resources. Synergy considers that the policy position on ESRs within the WEM Rules should have a consistent view as the CIS and consider ESRs to be "clean energy".</p>		<p>iii. how AEMO will assess whether a Facility Technology Type within a Facility is fuelled by Eligible Renewable Energy Sources.-  <del>based on:</del>  <del>1. fuel supply contracts, if the Market Participant proposes to purchase renewable fuel for use in a Non-Intermittent Generator;</del>  <del>2. historical Intermittent Generator Output, if the Market Participant proposes to store renewable electricity generated by a Facility it owns in an Electric Storage Resource that it also owns;</del>  <del>3. energy supply contracts, if the Market Participant proposes to purchase renewable electricity from another Market Participant for use in an Electric Storage Resource;</del>  <del>4. energy supply contracts, if the Market Participant is selling renewable energy to another Market Participant, so that it is not available for storage in an Electric Storage Resource that it owns;-</del>  <del>and</del>  <del>5 historical dispatch levels for Energy Producing Systems. ....</del></p>	
Synergy	<p>Synergy questions the requirement for new ESRs that are charged from non-renewable energy sources, and seeking the ten-year fixed RCP, to have demonstrated that they are able to maintain output at the level of the longest expected ESR Duration Requirement in the most recent WEM ESOO published at</p>	4.14.1CB	<p>Synergy considers that the ten-year price lock-in should be able to be applied to all new clean technologies that at least meet the minimum ESR Duration Requirement of the most recent published ESOO.</p>	<p>Initiative 2 of the WIC Review provides a ten-year RCP guarantee for Flexible Capacity and new technologies, such as long-duration storage that can provide firm output for the longest forecast ESR Duration Requirement over the ten-year horizon in the ESOO published in the Reserve</p>

Submission	Comments/Issues Raised	Clause #	Requested Changes/Action	Energy Policy WA Responses
	<p>the time of nomination for the ten-year fixed price guarantee.</p> <p>Based on the example provided in the explanatory note for this proposed amendment, Synergy considers that the BRCP for an ESR that can maintain output at eight hours would be higher than the BRCP for an ESR with a four-hour output duration. In such circumstances, it is unlikely that an eight-hour ESR would want to nominate for a ten-year fixed RCP based on a BRCP referenced to a four-hour output duration ESR, when it would expect that the RCP would increase in the future due to a change in the BRCP Reference Technology (from a four-hour ESR to an eight-hour ESR). If Facility's are unlikely to utilise the ten-year lock-in (due to added obligations that come with the lock-in), the proposed RCM and WIC Draft Rules are likely to increase complexity of the WEM Rules (and potentially implementation costs) without adding any realised benefits to the WEM.</p>			<p>Capacity Cycle in which it requested the fixed RCP.</p> <p>A 10-year period of fixed RCP for proponents of new flexible and firming technologies, such as new gas plant and long-duration storage is expected to incentivise investment in these technologies which will allow more renewable energy to connect.</p> <p>Market Participants are not obliged to seek a ten-year fixed RCP, those who do not want to avail of this opportunity do not have to provide this evidence to AEMO.</p> <p>The Coordinator of Energy must undertake a review of the Benchmark Capacity Provider within 6 months of AEMO publishing a longer ESR Duration Requirement in the ES00. This will ensure that the BRCP will be adjusted in a timely manner.</p>
Synergy	<p>Synergy notes that for the 2025 Capacity Cycle the Benchmark Reserve Capacity Price (BRCP) for both Flexible Reserve Capacity and Peak Reserve Capacity are proposed to be set at the same value.</p> <p>In the WIC and RCM Draft Rules, the minimum Flexible RCP is hardcoded at 0.4 times the BRCP while the minimum Peak RCP is hardcoded at 0.5 times the BRCP, this results in the calculated Flexible RCP being lower than the Peak RCP.</p>	4.29.1	<p>To mitigate against this lower incentive, Synergy proposes that the minimum Flexible RCP should be set at a value that is higher than the minimum Peak RCP to address this concern. Synergy does not currently have a position on what that value should be set at and suggest that this decision is best made by EPWA at this time point.</p>	Noted and amended.

Submission	Comments/Issues Raised	Clause #	Requested Changes/Action	Energy Policy WA Responses
	Synergy understands that in this circumstance, Flexible RCP will be set at zero and Market Participants will receive no addition payment for the provision of Flexible Capacity. Therefore, there is likely to be little incentive for Market Participants to maintain their Facilities' capability to provide Flexible Capacity, as the refunds for Flexible Capacity will be zero.		See Synergy submission for suggested drafting.	
Synergy	<p>Synergy's understanding is that any new Facility that has been successful at securing a contract to provide Non-Co-optimised Essential System Services (NCESS) will be prioritised for Network Access Quantities (NAQs) alongside existing Facilities, i.e., top priority.</p> <p>Should additional NAQs become available, a new Facility, that has not previously been assigned NAQs, but has been contracted to provide NCESS is then on par with existing NAQ Facilities to be assigned the additional NAQs.</p> <p>Synergy is of the understanding that the policy intent of the NAQ regime was to provide a level of investment certainty to existing Facilities for Capacity Credits in a constrained network. Synergy considers that the current prioritisation order, of providing new NCESS Facilities with the same level of priority as existing Facilities does not align with this intent, and considers that new NCESS Facilities should be behind existing NAQ Facilities in the prioritisation order for NAQs.</p>	Appendix 3	<p>Synergy considers that NCESS Facilities should be added into the NAQ model after existing Facilities and prior to Network Augmentation Funding Facilities (i.e. between the current Step 3C and Step 4 of Appendix 3). This will ensure that the NAQ model prioritises NCESS after existing Facilities, but above all other new entrant Facilities.</p>	<p>The prioritisation order reflects the policy intent that NCESS Facilities are essential if they provide non-network solutions to delay or avoid inefficient network reinforcement and therefore they have to be in the highest priority group.</p>
Tesla	Tesla consider that 4.9.2A as currently drafted appears out of place and consider	4.9.2A		Clause 4.9.2A clarifies that a Market Participant must not apply for CRC for multiple Facilities that

Submission	Comments/Issues Raised	Clause #	Requested Changes/Action	Energy Policy WA Responses
	<p>that it would prevent variations of facilities to be submitted into the Certification process.</p> <p>Tesla consider that requiring only one variant of a facility or component of a facility to be submitted at too early a stage may restrict options and make it more difficult for proponents to participate. Tesla considers that allowing as much time to a proponent to settle on the right decision is beneficial for the market and considers it unlikely that a proponent would go to the effort of submitting many different variants unless it was absolutely necessary to do so.</p>			<p>cannot exist at the same time, for example as different versions of the same Facility. This is because it is not practical to run variants of a facility through the rest of the steps (e.g. the NAQ modelling) of the RCM process.</p>
<b>PART 2 – RCM REVIEW</b>				
AEMO	<p>AEMO suggest that whilst not in the Exposure Draft that as the RLM rules will not be commenced in 2025, that EPWA implements a transitional provision to manage how the Peak Demand Side Programme Dispatch Requirement is determined for the 2025 Reserve Capacity Cycle.</p> <p>Without a change to the definition to include the 2025 Reserve Capacity Cycle, AEMO would be required to determine the value based on a methodology that does not yet exist.</p>	Peak Demand Side Programme Dispatch Requirement		<p>The implementation of the new RLM is in Schedule 5 of the RCM Reviews Sequencing Rule which will commence at a time specified by the Minister – the timing will be selected to ensure AEMO can implement the new method in time for the commencement.</p> <p>Under schedule 1 of the RCM Reviews Sequencing Rules, transitional provisions are introduced in Section 1.67 until the RLM is implemented. Clause 1.67.2 is added to deal with the clauses and associated defined terms that only commence with the new Relevant Demand calculations.</p> <p>Appendix 7 is added so there is a way to calculate the Peak Demand Side Programme Dispatch Requirement before the new RLM commences. This appendix will be deleted again once the new RLM commences.</p>

Submission	Comments/Issues Raised	Clause #	Requested Changes/Action	Energy Policy WA Responses
				Clause 4.5.12(g) is amended and now refers to the temporary appendix 7, which replicates the necessary calculations until the RLM appendix is implemented.
AEMO	AEMO notes clause 1.XX.E does not extend to WEM Procedures associated with the clauses referenced in that section. This will mean AEMO is required to develop the WEM Procedures on commencement of the rules, irrespective of whether the WEM Procedures are required at this time. As noted in the body of this submission, limitations in timing of the Procedure Change Process and resourcing limitations will prevent AEMO from undertaking the full range of WEM Procedures on commencement of the rules	1.XX.E		Clause 1.66.2 (1.XX.E) is introduced to clarify that AEMO is not required to amend or develop any WEM Procedures to reflect the RCM Reviews Sequencing Amending Rules (Schedule 1) until 1 July 2025.
AEMO	AEMO considers that the drafting in these causes conflict. Clause 2.29.5AB requires the Market Participant to allocate Capacity Credits and clause 4.20.16A requires the Market Participant to notify AEMO to allocate the Capacity Credits. AEMO suggests amending the clauses so that clause 2.29.5AB allocates the Associated Loads in accordance with the Capacity Credits notified to AEMO under clause 4.20.16A.	2.29.5AB 4.20.16A		Clause 2.29.5AB applies to Market Participants, which have been assigned Peak or Flexible Capacity Credits for a DSP, and requires them to associate Non-Dispatchable Loads with the registered DSPs such that the date of association for the Associated Loads of each individual registered DSP is no later than 1 October of the relevant Capacity Year. It also requires them to notify AEMO of the number of Capacity Credits that are to be associated with one or more DSPs that are registered.  The words “certified” and “registered” are included to distinguish between the original DSP (certified) and the final DSPs that it is split into (registered) and the Market Participant is now required to notify AEMO how they want the Capacity Credits to be allocated across the relevant registered DSPs.

Submission	Comments/Issues Raised	Clause #	Requested Changes/Action	Energy Policy WA Responses
AEMO	<p>AEMO notes clause 2.29.5AE does not fit neatly into chapter 2 and does not provide instructions on how or where the Capacity Credit reduction applies.</p> <p>AEMO suggests clause 2.29.5AE is moved to clause 4.20.16B to indicate that any Capacity Credits remaining unallocated with the Demand Side Programme certified under clause 4.10.1B, will be reduced by AEMO to zero. AEMO suggests clause 2.29.AF is also moved to clause 4.20.16B.</p>	2.29.5AE 2.29.5AF		<p>Clauses 2.29.5AE and 2.29.5AF are introduced to allow AEMO to reduce a DSP's Capacity Credits (both for Flexible and Peak Capacity) in the event the Market Participant assigns less Capacity Credits to its registered DSPs than it was allocated for all of its DSPs. The clauses have not been moved as suggested by AEMO.</p>
AEMO	<p>AEMO recommends amending clause 4.4B.9(f) and considers that this change is required as there is currently no way in which to link TNIs to substation names used in Limit Advice, which is needed to publish the list of TNIs at which aggregators cannot locate DSPs.</p>	4.4B.9(f)	<p>Suggested drafting:</p> <p>4.4B.9(f)</p> <p>...</p> <p>(b)he list of substation names as used in RCM Limit Advice, and all associated Transmission Node Identifiers, that are expected to be in service on 1 October of Year 3 of the Reserve Capacity Cycle.</p>	<p>Clause 4.4B.9(f) was introduced to require the Network Operator to provide AEMO with the list of Transmission Nodes that it expects to be in service at the start of the relevant Capacity Year. The clause has been amended as requested by AEMO.</p>
AEMO	<p>AEMO strongly suggests this change is removed as the sub-clause appears to be unnecessary but will require a system change that has not been planned. The minimum stable loading level at the component level is only required when a Market Participant is applying for Flexible CRC, which is already covered under clause 4.10.1(fE)(vii).</p>	4.10.1(dB)		Noted and removed.
AEMO	<p>AEMO suggests the previous subclause 4.10.1(fE)(xi) that was deleted is reinstated, so the requirements cover</p>	4.10.1(fE)		<p>Clause 4.10.1(fE) has been amended since the Exposure Draft. The requirements at subclause (xi) now cover switching from discharging to</p>

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	switching from discharging to charging, and from charging to discharging (absent in current drafting). This is needed to ensure AEMO has the information required to make the assessment under clauses 4.10.1A(b)(iii) 1 and 2. It also ensures AEMO is not required to remove any already completed system changes before the March 2025 release.			charging, and from charging to discharging as requested by AEMO.																														
AEMO	AEMO notes the change in this clause cannot be commenced until the new RLM rules commence.	4.11.1(bD)		The new defined term RLM Reference Period has been introduced to ensure that clause 4.11.1(bD) works with the current RLM method.																														
AEMO	<p>AEMO note that whilst not in the Exposure Draft (but gazetted in Reserve Capacity Reform Rules in December 2023) In conducting implementation planning AEMO has identified an issue with clause 4.20.16A that does not seem to reflect the intent.</p> <p>Under the following scenario the rules are contradictory:</p> <table border="1"> <thead> <tr> <th>Facility</th> <th>Traded Peak CRC</th> <th>NAQ</th> <th>Peak CC</th> <th>Traded Flex CRC</th> <th>Flex CC</th> </tr> </thead> <tbody> <tr> <td>Facility A</td> <td>150</td> <td>100</td> <td>100</td> <td>100</td> <td>100</td> </tr> <tr> <td><b>Component</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>A1</td> <td>100</td> <td></td> <td>50</td> <td>100</td> <td>100</td> </tr> <tr> <td>A2</td> <td>50</td> <td></td> <td>50</td> <td></td> <td></td> </tr> </tbody> </table> <p>Under clause 4.20.16A the Market Participant for Facility A must nominate how they wish to split the 100 Peak Capacity Credits between component A1 and A2, the only limitation being that the nomination cannot exceed their Peak CRC. The Market Participant in this example has nominated an even split of 50 to A1 and 50 to A2.</p>	Facility	Traded Peak CRC	NAQ	Peak CC	Traded Flex CRC	Flex CC	Facility A	150	100	100	100	100	<b>Component</b>						A1	100		50	100	100	A2	50		50			4.20.16A		Clause 4.20.16A is introduced to require Market Participants to notify AEMO how they want the Capacity Credits to be allocated across the relevant registered DSPs. Changes have been made to clauses 4.20.16 and 4.20.17A since the gazette of the RCM Reform Rules in December 2023 to address AEMO's concern.
Facility	Traded Peak CRC	NAQ	Peak CC	Traded Flex CRC	Flex CC																													
Facility A	150	100	100	100	100																													
<b>Component</b>																																		
A1	100		50	100	100																													
A2	50		50																															

Submission	Comments/Issues Raised	Clause #	Requested Changes/Action	Energy Policy WA Responses
	Under clause 4.20.17A(a), given the Flexible Capacity Credits = Flexible CRC, AEMO has an obligation to assign 100 Flex Capacity Credits to A1. This would mean the Peak Capacity Credits are greater than Flexible Capacity Credits.			
AEMO	AEMO notes the DSP Load can be negative, so it is possible that the shortfall results are negative.	4.25.3D 4.25.3E 4.25.4CC	AEMO suggests the formula in each of this clause needs to have a protection for a negative (i.e. $\max(0, x)$ ).	Clause 4.25.3D, 4.25.3E and 4.25.4CC are amended so that if a DSP fails a Reserve Capacity Test requested by AEMO under clause 4.25.2, the Peak DSP Test Shortfall cannot be negative.
AEMO	AEMO questions why “for use in the RLM” has been removed from this clause, especially if the intention is to implement the changes to the RLM before the changes to the Peak IRCR.	4.28.5B		Clause 4.28.5B is amended to include Trading Days from the most recently completed Hot Season so that it is clear the additional Trading Days are from the same dataset as under clause 4.28.5B(a).
Synergy	Synergy considers that clause 1.XX.D inadvertently imposes review obligations on AEMO for Facilities that were first assigned Capacity Credits in the 2023 or the 2024 Reserve Capacity Cycles, which occurred prior to this clause being implemented in the WEM Rules.	1.XX.D	Synergy considers that the review obligations should only be applied to Facilities that committed to providing capacity (and energy) to the WEM after the clause is implemented within the WEM Rules (i.e., for Facilities that will be assigned Capacity Credits for the first time in the 2025 Reserve Capacity Cycle).  Suggested drafting:  1.XX.D.	Clause 4.11.8 requires AEMO to review expert reports for a Facility or Component of a Facility that is certified using the RLM for existing Facilities. Transitional clause 1.XX.D (now 1.63.8) was introduced to ensure that AEMO will not be automatically in breach of the provisions in clause 4.11.8 when it commences.

Submission	Comments/Issues Raised	Clause #	Requested Changes/Action	Energy Policy WA Responses
			<p>AEMO is not required to carry out reviews under:</p> <p>(a) clause 4.11.8(a) for Facilities that commenced operations before 1 October 2024; or</p> <p>(a1) clause 4.11.8(a) for Facilities that were first assigned Capacity Credits in either the 2023 or the 2024 Reserve Capacity Cycle; or</p> <p>(b) clause 4.11.8(b) for Facilities that entered Commercial Operation before 1 October 2020.</p>	
Synergy	<p>Synergy suggests that the WEM Rules should also restrict AEMO from procuring NCESS to meet requirements consistent with Flexible Capacity if there is over supply of Flexible Capacity in the 2025 Reserve Capacity Cycle.</p> <p>Synergy's proposed amendments to clause 1.XX.E account for Synergy's proposed amendments to clause 4.29.1 (See Synergy's submission as outlined in item 1 of the table in Annexure A covering Part 1 of the WIC and RCM Draft Rules.)</p>	1.XX.E	<p>Suggested drafting:</p> <p>1.XX.E.</p> <p>In the 2025 Reserve Capacity Cycle, if <del>the</del> a surplus of 15 percent or more Flexible Reserve Capacity is achieved Flexible Reserve Capacity Price is less than or equal to the Peak Reserve Capacity Price:</p> <p>(a) Market Participants are not required to fulfil any further obligations relating to Flexible Capacity Credits assigned for the 2027 Capacity Year;</p> <p>...</p> <p>(c) AEMO must not procure NCESS for Flexible Capacity for the 2027 Capacity Year;</p> <p>...</p>	<p>Transitional clause 1.XX.E (now 1.63.10) has been amended since the Exposure Draft and now includes subclause (c) which states that if the Flexible RCP is less than or equal to the Peak RCP in the 2025 Reserve Capacity Cycle AEMO must not procure NCESS relating to Flexible Capacity for the 2027 Capacity Year.</p>

Submission	Comments/Issues Raised	Clause #	Requested Changes/Action	Energy Policy WA Responses
Synergy	Synergy disagrees with the allowance for Market Participants with DSPs to change their nominated Relevant Demand method once a year. Synergy would like to understand what the rationale is behind this additional flexibility that is being specifically afforded to DSPs. Synergy notes that the amendments from the RCM Reform Rules reduced the dispatch obligation of DSPs from 200 hours (400 Trading Intervals) to the "Demand Side Programme Dispatch Requirement". For the 2024 Capacity Cycle, this value is set at 50 hours (100 Trading Intervals), and will be determined by AEMO for future Capacity Years. This change means that DSPs obligation for DSPs has reduced to one quarter of the previous obligation. Implementation of this proposed clause will likely provide minimal benefit to market as a whole (noting the limited dispatch obligations of DSPs), Synergy queries if the cost and benefit of implementing this provision has been thoroughly considered.	2.29.5AH 2.29.5AI.	Suggested drafting:  2.29.5AH <del>A Market Participant responsible for a Demand Side Programme may, no more than once during a Capacity Year, apply to AEMO to change the method previously nominated for the determination of the Relevant Demand of the Demand Side Programme to either the Adjusted Baseline Method or the Unadjusted Baseline Method [Blank].</del>  2.29.5AI <del>If a Market Participant applies to AEMO to change the Relevant Demand method for their Demand Side Programme(s) under clause 2.29.5AH, AEMO must apply the new Relevant Demand method from the start of the first Trading Day commencing 5 Business Days after AEMO receives the application [Blank].</del>	As published in the RCM Review Information Paper (Stage 2), reducing the number of hours that DSPs can be dispatched for in a year was a policy decision of the RCM review.  Reducing the number of hours a DSP must be available to dispatch from 200 hours better aligns the DSP availability requirement with load reduction schemes aimed at reducing IRCR exposure, while taking into account the number of periods a DSP is likely to be dispatched in reality. The method to determine the DSP minimum dispatch requirement was consulted on in Part 2 of the RCM Review.
Synergy	Synergy considers that DSPs with only one Associated Load should also be subject to the requirement to provide information on whether its Associated Load will be subject to a contract or arrangement to reduce consumption for the purpose of reducing Capacity Purchaser Payments	2.29.5B(f)	Suggested drafting:  2.29.5B (f) if the relevant Demand Side Programme has, or is expected to have, one or more than one Associated Load, whether any of the Associated Loads will be subject to a contract or	AEMO determines the CRC of a DSP with only one Associated Load based on its IRCR Contribution. Participating in an IRCR reduction scheme would affect the certified Reserve Capacity for such a DSP.  Therefore, EPWA considers that it is not necessary for individual Loads to provide information on their IRCR arrangements, and no change is required as it self-correcting.

Submission	Comments/Issues Raised	Clause #	Requested Changes/Action	Energy Policy WA Responses
			arrangement to reduce consumption during one or more Trading Intervals in Year 3 of the relevant Reserve Capacity Cycle for the purpose of reducing Capacity Purchaser Payments.	
Synergy	Synergy considers that clause 4.11.1(b) should be amended to account for the period between certification for capacity and operational commencement of a Facility. That is Facilities that have been assigned Flexible CRC in a previous Reserve Capacity Cycle but have not yet commenced Commercial Operations (as the Facility is still in construction and therefore has not yet complied with clause 4.12.2) should be able to be assigned Flexible Capacity Credits in the intervening years between certification and delivery.	4.11.1(b)	<p>Suggested drafting:</p> <p>4.11.1 (b) AEMO must not assign Flexible CRC to a Facility that was assigned Flexible CRC in a previous Reserve Capacity Cycle and has entered Commercial Operation, but has not yet complied with clause 4.12.2;</p> <p>[Synergy notes that further drafting consideration may be required to ensure that Facilities that did not commence operation within the relevant Capacity Year are captured under this clause]</p>	Clause 4.11.1.(b) has been amended since the Exposure Draft. The requirement for holders of Flexible Capacity Credit to accredit for ESS is tied to the start of commercial operations, so that they do not miss out on Capacity Credits in the second year, this is to avoid not assigning Capacity Credits to a Facility that is still in construction.
Synergy	<p>Synergy considers that the payment obligation to Market Participants referred to in clause 4.13A.16 should also account for the proportion of Flexible Capacity that were held by the Facility for which the DSP Reserve Security is being drawn upon.</p> <p>Synergy considers that the rebate payment to Market Participants should be weighted according to the relevant Flexible and Peak RCP before further apportionment based on a Market</p>	4.13A.16	<p>Suggested drafting:</p> <p>4.13A.16 The payment obligation under clause 4.13A.15 or clause 4.13A.15A may be satisfied by AEMO drawing upon:</p> <p>(a)...</p> <p>...</p>	Clause 4.13A.16 is amended to enable AEMO to drawdown on the Market Participant's Reserve Capacity Security to meet the payment obligation in the new clause 4.13A.15A. The subclause reference error has been addressed as suggested.

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	<p>Participant's Peak and Flexible IRCR during the relevant Trading Day.</p> <p>Synergy additionally notes a typographical error in subclause item (d) that incorrectly references the clause 4.13A.16(a), and Synergy considers that it should reference 4.13A.16(c).</p>		<p>(d) secondly, once all costs to which clause 4.13A.16(a)(c) refers are covered, <del>make a rebate payment to Market Participants in proportion to their Peak Individual Reserve Capacity Requirements during the relevant Trading Day in accordance with Chapter 9</del> apportion the remaining balance based on the weighting of:</p> <ul style="list-style-type: none"> <li>i. the Floating Daily Flexible Reserve Capacity Price against the sum of both the Floating Daily Flexible Reserve Capacity Price and the Floating Daily Peak Reserve Capacity Price; and</li> <li>ii. the Floating Daily Peak Reserve Capacity Price against the sum of both the Floating Daily Flexible Reserve Capacity Price and the Floating Daily Peak Reserve Capacity Price;</li> </ul> <p>(e) make a rebate payment of the value determined in clause 4.13A.16(d)(i) to Market Participants in proportion to their Flexible Individual Reserve Capacity Requirements during the relevant Trading Day in accordance with Chapter 9, and</p> <p>(f) make a rebate payment of the value determined in clause 4.13A.16(d)(ii) to Market</p>	

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			Participants in proportion to their Peak Individual Reserve Capacity Requirement during the relevant Trading Day in accordance with Chapter 9.	
Synergy	<p>Synergy notes that the WIC and RCM Draft Rules undertake the assignment of Capacity Credits for DSPs in Year 1 of a Reserve Capacity Cycle, and do not require a DSP until 3 months prior to the start of the Capacity Year to apportion the Capacity Credits across its registered DSPs (if there are multiple registered DSPs).</p> <p>In relation to the Flexible Capacity Credits that have been apportioned and allocated, Synergy would like to understand how the verification of the DSPs capability to provide this product will be undertaken? Synergy notes that other Facility Technology Types are required to provide evidence of its capability in Year 1 of certification, and considers a similar obligation should be applied to DSPs at time of certification.</p>	4.20.16A(d)		New clause 4.10.1(ivA) has been included which requires a DSP to provide evidence of its Reserve Capacity Obligations for Flexible Capacity, including the technologies it plans to use.
Synergy	<p>Synergy disagrees with the tie break amendment being proposed to clause 4.28.5B(d)(iv) and to the definition of “4 Peak SWIS Trading Intervals”.</p> <p>By introducing this tie break method which selects a later Trading Interval over earlier Trading Intervals in the event where there are two or more Trading Intervals with the same Total Sent Out Generation, this creates undue selection bias for Trading Intervals in which the consumption share</p>	4.28.5B, Glossary	<p>Suggested drafting:</p> <p>4.28.5B To determine the Peak IRCR Intervals AEMO must: (a) ... ... For the purposes of sub-clauses (a), (c) and (d)(i), when ordering</p>	<p>Clause 4.28.5B has been amended to clarify that when tiebreaking of IRCR intervals occur, that earlier Trading Intervals rather than later Trading Intervals are chosen. Choosing the later Trading Intervals would favour large loads over residential customers.</p> <p>Clauses 4.28.5B(a), 4.28.5B(c) and 4.28.5B(d) are amended to add a tie break when multiple Trading Intervals have the same Total Sent Out Generation.</p>

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	<p>from certain customer types (such as residential customers) is likely to be higher as the later Trading Interval may be outside of the general business hours of customers. Synergy considers that the current design of the WEM may have some inadvertent (although unintended) bias that favours certain customer types over others, and this further increases that unintended bias. Synergy would appreciate clarification on the rational and policy intent for this proposed amendment</p>		<p>Trading Intervals from those with highest to lowest Total Sent Out Generation, if AEMO identifies two or more Trading Intervals that have the same Total Sent Out Generation value, then AEMO must order them by time, with the <del>later</del> <b>earlier</b> Trading Interval above <del>an earlier</del> <b>later</b> Trading Interval.</p> <p>Glossary  4 Peak SWIS Trading Intervals: Means, for a Trading Month, the 4 Trading Intervals in the relevant Trading Month with the highest Total Sent Out Generation, as published by AEMO in accordance with clause 4.1.23B. For the purposes of calculating the 4 Peak SWIS Trading Intervals, when ordering Trading Intervals from the highest to the lowest Total Sent Out Generation, if there are two or more Trading Intervals with the same Total Sent Out Generation, AEMO must select the <del>latest</del> <b>earliest</b> Trading Interval.</p>	<p>The glossary definition for 4 Peak SWIS Trading Intervals has also been amended to require AEMO to select the earliest Trading Intervals.</p>
Synergy	<p>Synergy is of the understanding that the underlying policy intent of clause 7.10.6B is to ensure that Market Participants do not use the same ESR asset to create dual benefits from the WEM by receiving Capacity Credits for the ESRs, while also receiving an IRCR reduction for the same ESR.</p>	7.10.6B	<p>Synergy proposed that the assessment should be done on the total MW capability of the aggregated ESR at the asset level, and ensure that this is greater than the total of the Capacity Credits and the IRCR reduction.</p>	<p>Clause 7.10.6B implements an RCM Review outcome which prohibits a Market Participant from receiving Capacity Credits for a behind the meter generator or ESR, and also operating that Energy Producing Resource to reduce its IRCR exposure. It is intended that proposed clause 7.10.6B will be nominated as a civil penalty provision in Schedule 1 of the Electricity Industry (Wholesale Electricity Market) Regulations 2004.</p>

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	<p>Although well intended, the proposed drafting creates barriers for ESR and DER participation in the WEM. Synergy considers that test for “dual benefits” should be assessed based on the total capability of the ESR at the asset level and how the asset level capability is being utilised for Capacity Credits and IRCR reduction in totality. The aggregation and orchestration of DER is intended to utilise the individual DER assets to deliver a more optimal outcome for market as a whole, rather than serving individual loads. A DER aggregation consisting of 50 MW of ESR, may be certified for 30 MW of Capacity Credits with the remaining 20 MW to be utilised for IRCR reduction.</p> <p>As DER aggregators are unlikely to be able to have “full control” of the underlying load of each of the customers that participate in the aggregation, the Aggregator is likely to over procure ESR asset capacity to ensure that when it is dispatch that the aggregated facility is able to meet the dispatch requirement as measured at the TNI. Under this proposed rule the “over-procured” ESR capability is unable to be utilised for IRCR and is essentially wasted capability as it will have sit idle during IRCR intervals. This creates a barrier for entry for DER aggregations in the WEM and discourages Market Participants to seek to use BTM assets to deliver benefits for the market as a whole rather than self-serving interests.</p>			

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Synergy	Given that the term DSP Energy Level in the WEM Rules encompasses both 'withdrawal' and 'injection' made by a Demand Side Program, Synergy proposes that it is more appropriate to describe that Dispatch Instructions instruct DSPs to 'amend' rather than 'restrict' their DSP Energy Level in clause 7.13.5.	7.13.5	Suggested drafting:  7.13.5. AEMO must, for the purposes of clauses 7.13.1E(d) and 4.26.2D, calculate, for each Demand Side Programme for each Trading Interval, the quantity, in MW, by which the Facility was instructed by the applicable Dispatch Instruction to <del>restrict</del> amend its DSP Energy Level during that Trading Interval, where the quantity:  ....	Clause 7.13.5 has been amended as suggested.
Synergy	Synergy notes that DER aggregations may contain a mixture of various customer profiles and assets, that differ to the "usual" loads that are expected to operate as DSPs.  Synergy considers that the simplified baselining assessment based on Business Days and Non-Business Days is not likely to be appropriate for DER Aggregations and the approach needs to be expanded to consider the unique attributes of different customer types. For example, a DER aggregation that consists of schools with PV will have a very different consumption pattern on a school day versus in the school holidays. This presents a significant baselining risk for DER aggregation and therefore, may be a barrier to entry for DER participation.	Appendix 10		Appendix 10 automatically excludes Business or Non-Business Days for activations on Non-Business and Business Days respectively.  This policy setting reflects the discussions of the Demand Side Response Review Working Group. The basis for four days for non-business days replicates how this is done in NEM and CAISO.  EPWA considers that the DSP aggregator is best placed to address the risk of different consumption patterns of different loads to make the DSP work.

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	<p>Synergy considers that to best enable DER aggregation to participate meaningfully in the WEM, the unique attribute and capabilities of DER need to be considered in the design and implementation of amending WEM Rules to ensure that the full benefits that DER aggregations can offer are able to be realised in the WEM.</p>			

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