

8 May 2025

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## **EPWA CONSULTATION: TRANCHE 8 EXPOSURE DRAFT PROPOSED ELECTRICITY SYSTEM AND MARKET (ESM) AMENDING RULES**

Synergy welcomes the opportunity to provide feedback on Energy Policy WA's (EPWA's) *Tranche 8: Exposure Draft – Proposed Electricity System and Market (ESM) Amending Rules (Tranche 8 Draft Rules)* released on 27 March 2025.

Synergy's key concern with the Tranche 8 Draft Rules is in relation to the multifaceted and compounding impacts of the proposed extension of the existing protection from five years to 10 years for Electric Storage Resources (**ESRs**) against any changes to the Electric Storage Resource Duration Requirement (**ESRDR**). From Synergy's perspective, an extension to the ESRDR protection has significant negative implications for the Wholesale Electricity Market (**WEM**) and therefore, Synergy is not supportive of the proposed extension.

However, Synergy is generally supportive of the amended Availability Duration Gap methodology and the introduction of the ESR Obligation Duration Uplift. As these mechanisms have wide ranging impacts and influence on costs and investor behaviour within the WEM, Synergy proposes that the process for determining the Availability Duration Gap and ESR Obligation Duration Uplift be reviewed once every three years by the Coordinator of Energy (**Coordinator**).

Synergy sets out its main concerns on the potential impacts of an increase in the protection given to ESRs below, along with further detailed drafting comments on the Tranche 8 Draft Rules in the attached tables.

### **1 BACKGROUND**

The *Wholesale Electricity Market Amendment (Reserve Capacity Reform) Rules 2023*<sup>1</sup> (**RCM Review Rules**) gazetted in December 2023 introduced three provisions that relate to the ESRDR and the existing five-year protection provision. Firstly, the RCM Review Rules allowed for the AEMO to increase the ESRDR in line with changing market needs. Secondly, the RCM Review Rules implemented a requirement for the Coordinator to determine the Benchmark Capacity Providers. Thirdly, the RCM Rules implemented the current five-year protection for ESRs against any increases in the ESRDR.

In December 2023<sup>2</sup>, the Coordinator determined that the Benchmark Capacity Provider for both Peak Capacity and Flexible Capacity is a 200MW/800MWh lithium battery energy storage system.

<sup>1</sup> [https://www.wa.gov.au/system/files/2023-12/wholesale\\_electricity\\_market\\_amendment\\_reserve\\_capacity\\_reform\\_rules\\_2023.pdf](https://www.wa.gov.au/system/files/2023-12/wholesale_electricity_market_amendment_reserve_capacity_reform_rules_2023.pdf)

<sup>2</sup> <https://www.wa.gov.au/media/43698/download?inline>

At that point in time, the ESRDR was four hours, which aligns with the capability of the chosen Benchmark Capacity Providers. Following this, the Economic Regulation Authority (**ERA**) reviewed the relevant WEM Procedure and determined that the 2025 Benchmark Reserve Capacity Price (**BRCP**) would be \$360,700, which is 57 percent higher than the 2024 BRCP<sup>3</sup>.

For the 2024 Capacity Cycle, the ESRDR was kept at four hours, however the AEMO's *2024 Wholesale Electricity Market Electricity Statement of Opportunities* indicated that the ESRDR will increase in the future<sup>4</sup>. At the TDOWG meeting held on 1 May 2025, EPWA provided their findings from its initial analysis of several Availability Duration Gap calculations which indicated that the ESRDR for the 2025 Capacity Cycle is expected to be around six hours. Synergy notes, that with the expectation of an increase in the ESRDR from four hours to six hours in the 2025 Capacity Cycle, the WEM Rules (clause 4.16.11, implemented via the RCM Review Rules) require that the Coordinator undertake a re-determination of the Benchmark Capacity Providers.

## **2 IMPACTS OF THE EXTENSION OF THE ESRDR PROTECTION PERIOD FROM FIVE TO TEN YEARS**

Synergy understands the intention of the proposed protection extension is to further increase investment certainty for Market Participants with ESR facilities by providing an additional five years of certainty on the likely Certified Reserve Capacity (**CRC**) achievable by ESR facilities. However, Synergy considers that the flow-on impacts to the WEM and Market Participants (particularly consumers that will be liable for any increased costs) far outweighs the benefits of increased investor certainty for ESR facilities.

Changes to the ESRDR protection will have several flow-on impacts within the WEM's Reserve Capacity Mechanism (**RCM**), impacting overall market costs, reliability and system security. The ESRDR protection cannot be considered in isolation and needs to be carefully assessed within the full context of the WEM and the WEM's Market Participants. Additionally, in Synergy's opinion, the proposed protection extension will increase costs without increasing reliability, over-compensate shorter duration ESR facilities, potentially entrench dated technology within the WEM and delay investments in longer duration ESR facilities.

Given the potential negative impacts of the proposal, Synergy does not support the proposed extension of the ESR protection and advocates that the current five-year protection is retained.

### **2.1 Reserve Capacity Target Impacts**

The ESRDR for the 2025 Capacity Cycle is expected to increase from four hours to approximately six hours as outlined above. This increase in the ESRDR, coupled with the existing five-year ESRDR protection, will result in a shortfall in the actual capability of existing ESRs to meet the peak demand compared to the "implied capability" of the Capacity Credits assigned to the existing ESRs. In recognition of this capability gap, the Tranche 8 Draft Rules proposes to introduce the ESR Duration Requirement Uplift into the determination of the Reserve Capacity Target (**RCT**). This will cement a certain level of additional required capacity into the RCT, resulting in higher RCTs for the duration of the ESRDR protection period.

The proposal to increase the ESRDR protection from five years to 10 years will exacerbate this shortfall issue by prolonging the duration of the capability gap and increasing the volume of additional capacity required to meet the ESR Duration Requirement Uplift, which will cause further increases to the RCT for the extended protection period.

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<sup>3</sup> <https://www.era.gov.au/cproot/24513/2/BRCP-2025-2025-Benchmark-Reserve-Capacity-Prices-for-the-2027-28-capacity-year-Final-determination-For-publication.PDF>

<sup>4</sup> [https://aemo.com.au/-/media/files/electricity/wem/planning\\_and\\_forecasting/esoo/2024/2024-wem-electricity-statement-of-opportunities.pdf?la=en](https://aemo.com.au/-/media/files/electricity/wem/planning_and_forecasting/esoo/2024/2024-wem-electricity-statement-of-opportunities.pdf?la=en)

The ESR Duration Requirement Uplift will increase the RCT, which can result in an increase to the Reserve Capacity Price (**RCP**) as the excess surplus capacity within the market shrinks. This means that the capacity revenue for Market Participants with protected ESR facilities is also increased via the existing five-year ESRDR protection period. The proposed extension to the protection period can further exacerbate the increase in the RCP (and additional increase in capacity revenue for protected ESRs) due to the compounding increases in the RCT resulting from higher ESR Duration Requirement Uplifts for the extended period.

Conversely, the ESR Duration Uplift increases the capacity liability for consumers within the WEM via increasing their Individual Reserve Capacity Requirements (**IRCRs**). Noting that customers are also faced with the same higher Reserve Capacity Price to offset their increased IRCR liability. Ultimately, consumers within the WEM are paying for the existing five-year protection provided to ESRs and will be burdened with additional costs for minimal benefit if the ESRDR protection period is extended to 10 years.

## **2.2 Benchmark Reserve Capacity Price Impacts**

The WEM Rules (clause 4.16.11) include a requirement for the Coordinator to redetermine the Benchmark Capacity Providers if the ESRDR set by AEMO changes. With the expectation of an increase in the ESRDR from four hours to six hours, the Coordinator will need to undertake this re-determination. It is expected that the future Benchmark Capacity Providers will be either a six-hour (or longer) duration ESR facility or an efficient gas-fuelled technology. The change in the Benchmark Capacity Provider will likely lead to an increase in the Benchmark Reserve Capacity Price (**BRCP**) which the ERA will determine following the Coordinator's assessment of the Benchmark Capacity Providers.

Given the relationship between the ESRDR, the Benchmark Capacity Providers and the Benchmark Reserve Capacity Price, Synergy is expecting that, in the short-term the BRCP will increase with any increases in the ESRDR.

### **2.2.1 Impact of the ESRDR Protection with an Increasing BRCP**

The ESRDR protection for ESRs means that shorter duration ESR facilities (i.e. a four-hour ESR) will maintain their certified reserve capacity for the protection period. With the current five-year protection, an existing 100MW/400MWh ESR would continue to be assigned 100MW CRC for the remainder of its five-year protection period even if the ESRDR were to increase to six hours (as initially indicated by EPWA).

Additionally, as outlined above, Synergy is expecting that the BRCP will increase following an increase in the ESRDR. This means that a protected existing four-hour ESR will be paid a RCP that is determined based on a higher capability (and higher cost) facility. The protection means that the existing four-hour ESR facility is likely to be overcompensated as the price it will be paid for capacity is reflective of a facility with higher capabilities.

*For illustration purposes*

Assume the following:

- The 2024 ESRDR was four-hours;
- The 2025 ESRDR increases to six-hours;
- The Benchmark Capacity Provider is changed to a six-hour ESR facility;
- Facility A is an existing 100MW/400MWh ESR facility that was first accredited CRC in the 2024 Capacity Cycle; and
- Facility B is a new 100MW/600MWh ESR facility that is first accredited CRC in the 2025 Capacity Cycle.

Under the existing five-year ESRDR protection, both Facility A and Facility B will achieve a 100MW CRC for the 2025 Capacity Cycle. This is because Facility A maintains the four-hour duration for CRC assessment through until the end of the 2028 Capacity Cycle. Whereas Facility B is assessed based on the six-hour duration, which it will maintain for CRC assessment through until the end of the 2029 Capacity Cycle. Additionally due to the ESRDR increasing to six-hours, the Benchmark Capacity Provider is assumed to be revised to a six-hour ESR, which will lead to a higher BRCP that reflects the higher costs associated with a six-hour ESR.

Both Facility A and Facility B will receive the same volume of Capacity Credits, and the same amount of capacity revenue. However, the capability of Facility A is below that of Facility B and is also below the capability of the Benchmark Capacity Provider. Facility A is effectively being over-compensated for the 2025 to 2028 Capacity Cycles as it is being paid a price that is determined for a higher capability (six-hour) facility, as well as its capacity credits also reflecting a higher capability than what Facility A can actually achieve.

The proposal to increase the ESRDR protection period from five years to 10 years will further exacerbate the overcompensation of the lower capability facilities that is outlined above. Additionally, it is likely that over a 10-year period, the Benchmark Capacity Provider will be needed to be redetermined several times, which could further increase the overcompensation if the BRCP continues to rise.

Synergy acknowledges the delicate balancing required to ensure that investors have enough investor certainty to enter the SWIS in an efficient manner when required by the system, as well as ensuring that customers are not exposed to excessive costs to deliver a higher level of investor certainty. Synergy considers that the five-year ESRDR protection appears to provide a reasonable balance to investor risk exposure and customers costs and benefits. However, as outlined above, the 10-year protection not only provides investor certainty but also delivers an extended period of overcompensation to ESRs with lower capability.

## **2.3 System Reliability Impacts**

### **2.3.1 Encouraging Like-for-like Modifications**

Synergy understands the policy intent is that an ESR facility retains its ESRDR protection unless it undergoes any upgrades or significant changes to the facility. At a high level, this provision seems sound, however it unfortunately acts to encourage ESR facilities to maintain the status quo in terms of technological capability during any required maintenance works. For example, investments to counter an ESR facility's degradation (or other maintenance works) requires a 1MW/4MWh component to be installed (or replaced), ideally the Market Participant for the ESR facility should be encouraged to install a component with a longer duration capability in line with the changed WEM requirements, i.e. a 1MW/6MWh component. However, the ESRDR protection which guarantees the ESR's CRC for five years (as per current WEM Rules) from when it was first assigned Capacity Credits, creates an incentive for the Market Participant to instead install (or replace) with the lower duration 1MW/4MWh component. If the existing five-year protection is extended to 10 years, the incentive for Market Participants to maintain and not upgrade dated technology is intensified. The extension of the ESRDR protection will inadvertently delay increases in the capability of the SWIS fleet.

### **2.3.2 Incentive for Earlier Entry of Lower Capability ESRs**

Synergy also considers that the proposed extension of the ESRDR protection period to ten years may inadvertently act as additional encouragement for investments in dated ESR technology in the SWIS. With the backdrop of expected future increases in both the ESRDR and the BRCP, the extended ESRDR protection creates an opportunity for investors to act quickly to lock in increasing future revenues while minimising investment outlay. For example, a proponent of an ESR facility would be incentivised to seek earlier capacity certification with a lower duration ESR

to lock-in the compounding future revenues (due to a locked-in CRC with expectations of higher BRCPs and RCPs) for a lower cost facility, rather than investing in a longer duration, ESR facility in a future year, when required in the SWIS.

This outcome could potentially see shorter duration facilities crowding out the ability for longer duration ESR facilities to enter the SWIS in the future when they are required. Given the rapid pace of the energy transition within the SWIS, the upcoming retirements of Synergy's coal fleet and likely future retirements of other generators, any encouragement for dated technology to enter or remain in the SWIS could present a risk to the system.

## **2.4 Cost Implications to WEM Consumers**

The cost impacts of the ESRDR protection are borne by WEM consumers via increases in the RCT and the resulting RCPs as highlighted above. Synergy also notes that customers are effectively paying twice for a large proportion of the protected ESRs' capacity via the ESR Duration Requirement Uplift which increases consumers' ICRs. An extension of the ESRDR protection period from five years to 10 years will extend the duration of cost impacts on consumers, while also exacerbating the compounding impacts of increasing ESR Duration Requirement Uplifts and likely increases in the RCPs.

For the five-year protection period, the additional costs to consumers may be valid as they are more likely to provide a level of support to timely investments to accommodate changing customer needs. However, a longer protection period will mean that customers are exposed to compounding additional costs to support technologies that are not necessarily keeping pace with their changing needs. Synergy does not consider that the likely benefit to consumers validates the increased costs that they will be exposed to under this proposal.

## **2.5 Additionality to Other Forms of Investment Certainty for ESRs**

The evolution of the WEM has already seen the entry of several ESR facilities into the SWIS, either via direct market signals, or otherwise through higher cost Non-Co-Optimised Essential System Services (**NCESS**) contracts. In addition, the Australian Government's Capacity Investment Scheme is intended to provide financial support to clean technologies, with four WEM based ESR projects being successful in the recent CIS Tender 2 – WEM Dispatchable<sup>5</sup>. Synergy therefore considers that avenues for providing further investment certainty for ESR projects already exists within the WEM and queries whether the extension of the ESRDR protection period is merited given the additional cost it will mean for the WEM and consumers.

Furthermore, consideration should be given as to whether the extension of the ESRDR protection is a sufficiently targeted mechanism for providing investment certainty to ESRs that contribute towards the reliability and security of the SWIS; or whether the extension would instead facilitate speculative investment in ESR facilities that would otherwise have not been financially viable in the absence of a 10-year ESRDR protection and do not meet the changing system reliability and security needs.

## **3 SUMMARY**

In summary, Synergy is not supportive of the proposed extension of the five-year ESRDR protection to 10 years and requests that careful consideration be given to whether the proposal to extend the ESRDR protection period is consistent with the State Electricity Objective (**SEO**), particularly the elements within the SEO of 'promoting efficient investments' and 'for the long-term interest of consumers':

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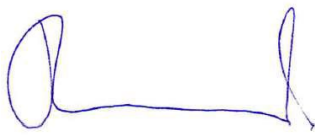
<sup>5</sup> <https://www.dcceew.gov.au/energy/renewable/capacity-investment-scheme/closed-cis-tenders>

“The State electricity objective is to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interest of consumers of electricity in relation to –

- (a) the quality, safety, security and reliability of supply of electricity; and
- (b) the price of electricity; and
- (c) the environment, including reducing greenhouse gas emissions”

Synergy thanks EPWA for its work to date on the WEM reform programs and looks forward to EPWA’s continued consultation on market reform matters.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'J. Froud', with a stylized, elongated horizontal stroke.

**JASON FROUD**  
**EXECUTIVE GENERAL MANAGER STRATEGY AND CORPORATE AFFAIRS**

**Table1: Comments on Schedule 1 - Availability Duration Gap (Amending Rules to commence on Gazettal)**

Table 1: Synergy's comments on Schedule 1 of Tranche 8 Draft Rules				
#	Rule ref.	Classification	Issue	Suggestion
1	General	Major	<p>Synergy supports EPWA's proposal to amend the calculation of the Availability Duration Gap (<b>ADG</b>) and agrees that the current approach within the WEM Rules is flawed.</p> <p>The outcomes of the ADG and the ESR Duration Obligation Uplift will have direct impacts on both suppliers and consumers in the WEM, and therefore it is important that the outcomes of these calculations suitably balance the interests of all Market Participants.</p> <p>Given the rapid rate of change occurring within the WEM as the WA economy transitions towards net zero, Synergy considers that the newly introduced calculations for the ADG and the ESR Obligation Duration Uplift should be subjected to regular reviews (at a minimum every three years). The implementation of a regular review process can ensure that the two methodologies remain sound and meet both the current and future needs of the evolving market.</p> <p>Synergy has included suggested drafting that will implement Synergy's proposed reviews under item 3 of Table 2 on Schedule 2 of the Tranche 8 Draft Rules.</p>	Refer to item 3 of Table 2 below for Synergy's suggested drafting to address this concern.
2	Glossary	Major	<p>As outlined in the main body of Synergy's submission above, Synergy does not support the proposed increase of the existing five-year ESRDR protection period to 10 years.</p> <p>The ESRDR protection does not solely create benefits for ESR proponents, but also presents increased costs to WEM consumers. Any extension to existing protection creates unnecessary compounding cost imposts on consumers without any increase in the system reliability that is provided to consumers. Further, the proposed extension creates an incentive for inefficient investments in the WEM with the costs being borne by consumers. Synergy therefore believes that the proposed extension of the ESRDR protection runs contrary to the principles within the State Electricity Objective and instead suggests that the ESRDR protection period remains at the current five-year period.</p>	<p><b>Peak Electric Storage Resource Obligation Duration:</b></p> <p>...</p> <p>(a) the number of Trading Intervals is equal to:</p> <p>i. if the Electric Storage Resource first received Capacity Credits within any of the <del>nine</del> <b>four</b> previous Capacity Years, and does not include a Facility upgrade that first received Capacity Credits in a later Capacity Year, the ESR Duration Requirement for the Capacity Year in which the Electric Storage Resource first received Capacity Credits; and</p> <p>ii. otherwise the ESR Duration Requirement for the current Capacity Year; and</p> <p>...</p>
3	Appendix 11	Typographical	Synergy suggests that refinements, such as the addition of indices to defined terms, consistency in use of terminology and some redrafting of process steps; should be made to the proposed Appendix 11: Availability Duration Gap Determination to enhance readability and clarity for Market Participants.	

**Table 2: Comments on Schedule 2 - Other Amending Rules to commence on Gazetta**

Table 2: Synergy's comments on Schedule 2 of Tranche 8 Draft Rules				
#	Rule ref.	Classification	Issue	Suggestion
1	2.29.5AK	Minor	Synergy notes that the Metering Code definition of "non-contestable customer" refers to the definition under the Customer Transfer Code and the Prescribed Customer order. Synergy therefore considers this provision needs to be reviewed in relation to amendments in the Electricity Corporations (South West Interconnected System Prescribed Customers) Order 2023, given contestability is no longer linked to the load at a single connection point. That is, under the new orders a connection point consuming less than 50 MWh could be determined to be contestable.	
2	2.29.5AL	Minor	<p>Synergy proposes alternative drafting is used to align with the requirements of the Metering Code and the definition of "Measurement Point" within the WEM Rules. It is important to note that within the Metering Code:</p> <ul style="list-style-type: none"> <li>• clause 3.5(1) places the obligation on the network operator to install a meter at every connection point;</li> <li>• clause 3.16 places the obligation on the network operator to ensure metering installations meet the requirements of the wholesale market;</li> <li>• clause 3.9(3A) gives the right to the network operator to ultimately decide on the "type" of meter that is installed on its network; and</li> <li>• clause 3.5(4) specifies that meters are not equipped to a load but instead are required to be installed as close as practicable to the connection point.</li> </ul>	<p><b><u>2.29.5AL.</u></b></p> <p>A Market Participant intending to apply under clause 2.29.5B to associate a Non-Dispatchable Load with a Demand Side Programme or Interruptible Load must ensure that the <del>Non-Dispatchable Load is equipped with a meter which</del> meter installed at the applicable Measurement Point complies with the requirements of clause 3.16 of the Metering Code.</p>



**Table 2: Synergy's comments on Schedule 2 of Tranche 8 Draft Rules**

#	Rule ref.	Classification	Issue	Suggestion
3	4.13B.2 and 4.13B.3	Major	<p>As set out in item 1 of Table 1 on Schedule 1 above, Synergy proposes that the Coordinator should be required to undertake regular reviews of the methodologies used to determine the ADG and the ESR Duration Requirement Uplift detailed within Appendix 11 of the WEM Rules.</p> <p>The outcomes of the ADG and the ESR Duration Requirement Uplift can have significant impacts on both suppliers and consumers within the WEM. Further, with the pace of change increasing at a rate within the WEM as the WA economy transitions toward net zero emissions, it is important that the market continues to align with the current and future needs of WA. Therefore, Synergy considers that this necessitates the need for on-going reviews and realignments of the market to ensure that it continues to meet both the current and future needs of WA and its electricity consumers.</p> <p>Synergy further suggests that the period between the Coordinator's review as required under the WEM Rules, clause 4.13B.2 is shortened from five years to three years to mitigate any divergence from the State Electricity Objective.</p> <p>Synergy proposes the amended drafting for clauses 4.13B.2 and 4.13B.3 to address this concern.</p>	<p><b><u>4.13B.2.</u></b> The Coordinator must complete a review under clause 4.13B.1: (a) for the first review, before 1 October 2026; and (b) for each subsequent review, at least once every <del>three</del><b>five</b> years from the completion of the preceding review under this section 4.13B.</p> <p><b><u>4.13B.3.</u></b> A review conducted under clause 4.13B.1 must examine: (a) .... ... (f) any trend in the Availability Duration Gap from year to year, and its implications for the approach to certification of Energy Storage Resources in the WEM; <del>and</del> (g) whether the steps for determining the Availability Duration Gap and ESR Obligation Duration Uplift as set out in Appendix 11, Parts B and C remain consistent with State Electricity Objective; and (h) <del>(g)</del> whether the method to determine the Peak Demand Side Programme Dispatch Requirement and Flexible Demand Side Programme Dispatch Requirement, as set out in clauses 4.5.12(f), 4.5.12(g), and 4.5.12(h) remains consistent with the State Electricity Objective.</p>
4	8.3.1(bA)	Minor	<p>Synergy notes that "meter" is not a defined term under the WEM Rules, and therefore, proposes alternative drafting to align with the defined term Measurement Point under the WEM Rules. Further Synergy notes the definition of Measurement Point, relevantly, requires a revenue quality metering device that complies with the Electricity Industry (Metering) Code 2012.</p>	<p><b><u>8.3.1.</u></b> Each Metering Data Agent must maintain a separate Meter Registry for each Network it serves. At a minimum, the Meter Registry for a Network must: (a) ... (b) ... (bA) for each meter, record whether the <b>Measurement Point</b> <del>meter</del> is associated with a non-contestable or contestable customer, as defined under the Metering Code; ...</p>
5	Glossary	Typographical	<p>Synergy suggests typographical edits to the proposed drafting for the terms Interval Meter and Metering Code.</p>	<p><b>Interval Meter:</b> <b>has the meaning given to it As-described</b> in the Metering Code.</p> <p><b>Metering Code:</b> <b>means t</b>he Electricity Industry (Metering) Code 2012.</p>

Table 2: Synergy's comments on Schedule 2 of Tranche 8 Draft Rules

#	Rule ref.	Classification	Issue	Suggestion
6	Glossary	Minor	<p>Synergy considers that the proposed drafting for the defined term Notional Wholesale Meter may require further clarification.</p> <p>It is important to note by basing the definition of the Notional Wholesale Meter on meters regulated under the Metering Code, the Notional Wholesale Meter cannot have a negative value because it would be inconsistent with the operation of the Metering Code. Consequently, the current definition may not be consistent with how the Notional Wholesale Meter value is used in the WEM Rules, in particular clause 9.5.3.</p> <p>In the interest of regulatory certainty, consideration needs to be given to ensure that the definition of the Notional Wholesale Meter is consistent with how it is used in the WEM Rules. Synergy considers that the definition of the Notional Wholesale Meter should reflect a calculated value based on the recorded interval energy data under the Metering Code. Synergy has suggested alternative drafting stating that the Notional Wholesale Meter is a calculated value.</p>	<p><b>Notional Wholesale Meter:</b> <del>A notional interval meter representing Non-Dispatchable Loads that are deemed to not have interval meters that are served by Synergy.</del> means, in relation to a Trading Interval, the value determined by subtracting the total recorded energy consumed at a Measurement Point, for all Contestable Customer Load, from the total recorded energy generated at a Measurement Point, for all Transmission Connected Generating Systems and Electric Storage Resource.</p>

**Table 3: Comments on Schedule 3 - Amending Rules to commence 1 January 2026 (directly after the commencement of Schedule 2 of the RCM Sequencing Amendments)**

Table 3: Synergy's comments on Schedule 3 of Tranche 8 Draft Rules				
#	Rule ref.	Classification	Issue	Suggestion
1	2.29.5E(b)	Minor	Synergy suggests clause 2.29.5E(b) should be amended to incorporate the definition of "Measurement Point" and the requirements of the Metering Code in the WEM Rules. Further Synergy notes the definition of "Measurement Point", relevantly, requires a revenue quality metering device that complies with the Electricity Industry (Metering) Code 2012. Synergy has proposed alternative drafting to address this item.	<p><b><u>2.29.5E.</u></b></p> <p>AEMO must accept an application submitted under clause 2.29.5B unless:</p> <p>(a) AEMO considers that the evidence provided by the Market Participant under clauses 2.29.5B and 2.29.5C is not satisfactory;</p> <p>(b) the meter installed at the Measurement Point of the relevant Non-Dispatchable Load does not comply <del>is not equipped with a meter which complies</del> with the requirements of clause 3.16 of the Metering Code;</p> <p>(c) AEMO considers that the application does not comply with clauses 2.29.5AC or 2.29.5AK;</p> <p>...</p>

Table 3: Synergy's comments on Schedule 3 of Tranche 8 Draft Rules

#	Rule ref.	Classification	Issue	Suggestion
2	4.10.1	Major	<p><b>Aggregated Distributed Energy Resources as a separate facility class.</b></p> <p>Synergy is of the understanding that the proposed amendments to clause 4.10.1(f)(vi) are intended to better support aggregated DSPs that may include small-scale batteries. Synergy supports the over-arching intent of the amendments, being to better enable the participation of Distributed Energy Resources (<b>DERs</b>). However, Synergy considers that rather than attempting to fit aggregated DER within the existing DSP facility class, that a new facility class should be implemented within the WEM that is better suited to the unique characteristics and capability of aggregated DER. Synergy considers that this approach would result in a better market outcome given the unique and evolving nature of DER aggregations.</p> <p>Synergy notes that DER and its role within the WEM is complex. Unlike a traditional generator, a DER aggregation typically consists of multiple small-scale behind-the-meter solar and/or battery systems. Further, DER aggregations can operate on both the demand and supply side of the market. Therefore, it is important to ensure the right value attribution is applied to aggregated DERs via revenue adequacy or incentives to drive behaviours and investments that suits the current and future needs of the WEM. Synergy considers that this would be best achieved by aggregated DERs participating as a separate facility class.</p> <p><b>Discrepancy in dispatch duration obligation</b></p> <p>Synergy further notes that there continues to be an equity imbalance between DSPs (which are Capability Class 2 facilities) having a 12-hour dispatch obligation versus the 14 hours required for Capability Class 1 facilities, while receiving the same revenue per MW of capacity supplied to market.</p> <p>Synergy has previously expressed concern that the 14-hour fuel requirement, brought about by the 14-hour dispatch obligation, for Capacity Class 1 facilities is excessive and overly restrictive. The current application of this 14-hour fuel requirement requires Market Participants responsible for a gas fuelled facility to enter a highly contracted fuel supply position that is excessive when compared to their facility's reasonable expectations of dispatch.</p> <p>Therefore, Synergy advocates for further consideration of the appropriateness of the 14-hour fuel obligation for Capability Class 1 facilities and its alignment with obligations placed upon other facility types in the WEM in view of the changing dynamics of the WEM.</p>	

Table 3: Synergy's comments on Schedule 3 of Tranche 8 Draft Rules

#	Rule ref.	Classification	Issue	Suggestion
3	4.14.1CC	Typographical	Synergy proposes drafting amendments to improve clarity on the operational intent of the subclauses of 4.14.1CC such that, as per Synergy's suggested drafting amendments, (b) must be binding alongside either of subitems (a)(i), (a)(ii) or (a)(iii).	<p><b><u>4.14.1CC</u></b></p> <p>If a Facility Technology Type within a Facility that has been classified as a Fixed Price Component under clause 4.14.1B(b) in a previous Reserve Capacity Cycle:</p> <p>(a) either</p> <p><del>(a)</del>(i) for a Facility nominated in accordance with clause 4.14.1CB(a)(i), does not hold Flexible Capacity Credits in the current Reserve Capacity Cycle; or</p> <p><del>(b)</del>(ii) for a Facility nominated in accordance with clause 4.14.1CB(a)(ii)(1), AEMO has advised that the applicant under clause 4.9.9(b) that AEMO considers that the energy sources used by the Energy Producing System have not been or will not be from Eligible Renewable Energy Sources, or the applicant has not provided sufficient evidence under clauses 4.10.1(e)(v)(3) or 4.10.1(fA)(vi)(2) to allow AEMO to make a determination under clause 4.9.9(b); or</p> <p><del>(e)</del>(iii) for a Facility nominated in accordance with clause 4.14.1CB(a)(ii)(2), if the Facility Technology Type is an Electric Storage Resource, it cannot currently maintain output at the level of its Peak Certified Reserve Capacity for at least as long as the highest expected ESR Duration Requirement for any year in the Long Term PASA Study Horizon published in the Electricity Statement of Opportunities for Year 1 of the Reserve Capacity Cycle in which the Facility Technology Type was first awarded Peak Certified Reserve Capacity; <del>and</del></p> <p>and</p> <p><del>(a)</del>(b) the Fixed Daily Peak Reserve Capacity Price for that Fixed Price Component is greater than or equal to the Floating Daily Peak Reserve Capacity Price;</p> <p>then in the current Reserve Capacity Cycle and all future Reserve Capacity Cycles, AEMO must no longer treat that Facility Technology Type as if it had been nominated as a Fixed Price Component under clause 4.14.1B(b), but instead must treat it as if it had been nominated as a Fixed Price Component under clause 4.14.1B(a).</p>

**Table 4: Comments on Schedule 5 - Amending Rules to commence on 1 October 2027 (directly after the commencement of Schedule 4 of the RCM Sequencing Amendments)**

Table 4: Synergy's comments on Schedule 5 of Tranche 8 Draft Rules				
#	Rule ref.	Classification	Issue	Suggestion
1	4.13B.3	Major	Synergy proposes that the Coordinator should be required to review the methodology for determination of the ADG and the ESR Duration Requirement Uplift as detailed within Appendix 11 of the WEM Rules every three years.	Refer to related comments and draft amendment of clause 4.13B.3 in item 3 of Table 2 on Schedule 2 of the Tranche 8 Draft Rules above.
2	4.25.2A	Typographical	Synergy suggests the word "clauses" is replaced with "clause" in the last sentence of the clause 4.25.2A.	<p><b>4.25.2A.</b></p> <p>...</p> <p>(a) ...</p> <p>(b) ...</p> <p>for the purposes of observing the Separately Certified Component in accordance with clauses 4.25.2(e)(i) or clause 4.25.1C(c)(i).</p>
3	4.25.2AB	Typographical	<p>Synergy queries if clause 4.25.2AB was intended to be marked as being struck out in Schedule 5 of the Tranche 8 Draft Rules as indicated in the accompanying explanatory note that stated that this clause is to be deleted.</p> <p>Suggested edits are to align with statement in the explanatory note above clause 4.25.2AB in the Tranche 8 Draft Rules.</p>	<p><b>4.25.2AB.</b></p> <p><del>[Blank] AEMO must subject a Facility or Separately Certified Component to a Reserve Capacity Test under clauses 4.25.1C(a)(ii) or 4.25.1C(e)(ii) if:</del></p> <p><del>(a) AEMO has determined, in accordance with clauses 4.25.1C(a)(i) or 4.25.1C(c)(i), that the Facility or Separately Certified Component of the Facility, as applicable, did not demonstrate the capability specified in clause 4.25.1B(a):</del></p> <p><del>i. in respect of the period 1 October to 31 January, by 31 January that same year; or</del></p> <p><del>ii. in respect of the period 1 April to 31 July, by 31 July that same year;</del></p> <p><del>(b) the Market Participant for the Facility has not provided meter data, recorded by the Facility Sub-Metering to AEMO, if applicable, in accordance with and by the time specified in clause 4.25.2A;</del></p> <p><del>(c) AEMO is conducting a re-test in accordance with clause 4.25.3F, clause 4.25.6(b)(ii), clause 4.25.6(a)(ii) and/or 4.25.6(c)(ii); or</del></p> <p><del>(d) a Demand Side Programme has failed to deliver the quantity determined by AEMO under clause 7.13.5.</del></p>

**Table 5: Comments on Schedule 7 - RCS Uplift Payments - Amending Rules to commence TBD**

Table 5: Synergy's comments on Schedule 7 of Tranche Draft Rules				
#	Rule ref.	Classification	Issue	Suggestion
1	General	Clarification	<p>Synergy supports EPWA's proposal to amend the WEM Rules to implement a more considered solution for the RoCoF Control Service and remove the short-term fix that was implemented under the FCESS Costs Review Amendments.</p> <p>Synergy seeks clarity on how the costs of procuring RoCoF are intended to be charged back to the market at the time that Schedule 7 commences. Is it intended that the gazetted Cost Allocation Review Rules will commence at the same time point to implement the cost allocation for RoCoF, or will this be undertaken via another mechanism?</p>	