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Energy Policy WA
Department of Energy and Economic Diversification

Submitted via e-mail energymarkets@deed.wa.gov.au

30 September 2025

Dear Policy team,

RE: Consultation Paper – DSP Load Association, Testing and Refunds Provisions

Thank you for the opportunity to provide feedback on the '*DSP Load Association, Testing and Refunds Provisions*' consultation paper. Enel X acknowledge the ongoing work by Energy Policy WA (EPWA) and the Australian Energy Market Operator (AEMO) to support the integration of flexible demand resources into market mechanisms.

Enel X operates Australia's largest dispatchable Virtual Power Plant¹ (VPP). We work with commercial and industrial energy users to develop flexible demand resources and offer it into the Wholesale Electricity Market (WEM) capacity market (RCM), National Electricity Market (NEM) Wholesale Demand Response Mechanism (WDRM), ancillary services markets, Reliability and Emergency Reserve Trader (RERT) and Supplementary Capacity (SC) mechanisms, and to network businesses.

Enel X strive for a vibrant demand response industry supporting the renewable energy transition. This is critical to accelerate the energy transition and Australia is falling behind in this transition. We need to encourage investment in flexible demand and use every tool available to meet decarbonisation targets while encouraging energy efficiency and grid stability in the WEM. We consider flexible demand and electric storage resources to be critical elements for the energy transition, grid security and reliability.

Enel X appreciate the ongoing support for Demand Side Programs (DSP) within the WEM. We note the proposed amendments to the ESM Rules are intended to address implementation issues identified by AEMO and the effective operation of DSPs in the RCM.

Enel X are working closely with AEMO to lower the costs of DSP participation in the RCM. We have discussed with AEMO's senior management various implementation issues arising from small DSP facilities based on flexible demand resources aggregated at a Transmission Node Identifier (TNI) level. We are optimistic that improvements can be made to the settlement and performance arrangements to restore the lost portfolio efficiency from operating small DSP facilities.

Large aggregations of flexible demand reduce the amount of inefficient resource over provisioning required to deliver dependable aggregate responses to dispatch instructions. Enel X acknowledge the importance of effective integration of DSPs in the security constrained dispatch process, however foregoing portfolio benefit efficiency gains in unconstrained nodes increases capacity costs to end-users and places additional pressure on energy consumers to pay for expensive Non-Co-optimised Essential System Services (NCESS) Reliability Service and Supplementary Capacity (SC) contracts.

Enel X will provide further feedback on proposals to improve DSP Facility efficiency where workable solutions can be developed with AEMO.

¹ Per AEMO Registrations

Enel X responses to proposed changes:

1. *Align Reserve Capacity Tests and test via observation through Dispatch Instructions*
 - Provided every set of contiguous Trading Intervals a DSP is dispatched which also represents a Reserve Capacity Test doesn’t diminish the number of Reserve Capacity Tests that a DSP may request then this proposed change is a reasonable approach to provide clarity about testing by observation.
2. *Allow Market Participants to request AEMO to schedule a re-Test any time after a Reserve Capacity Test or Dispatch Instruction*
 - Enel X agree the Market Participant is best placed to assess whether the DSP has likely passed a Reserve Capacity Test before meter data from Western Power is available. Many of our larger flexible demand resources provide real time data to our orchestration platform allowing Enel X to quickly identify and address the cause of underperformance. The opportunity to schedule a re-Test any time after a Reserve Capacity Test or Dispatch Instruction has the potential to lower DSP risks and improve the quality of DSP resources available to manage periods of power system stress.
3. *Apply a consistent method for the determination of a capacity shortfall for a DSP during Reserve Capacity Tests and intervals in which Dispatch Instructions apply*
 - Enel X accept the proposed approach provides an appropriate balance between reflecting the risk of the DSP failing to deliver and not being too punitive.
4. *Market Participants may only request up to 3 re-tests of a DSP in a capacity testing period*
 - Enel X accept that a reasonable limit on re-testing is applied consistent with the maximum number of Reserve Capacity Tests.
5. *Associate sufficient loads to the DSPs they are required to register so that the sum of the contracted capacity of these loads equals at least the Capacity Credits assigned to the DSP*
 - Enel X accept this proposal reflects the policy intent.
6. *Extend the requirement to associate loads to a DSP by 1 July of year 3 of the relevant Reserve Capacity Cycle (3 month before the start of the Capacity Year), including the requirements outlined in proposal 5, to all DSPs including those that were not subject to clause 4.10.1B:*
 - Enel X accept this proposal reflects the policy intent

We would be happy to further discuss any of our comments with EPWA. If you have any questions or would like to discuss this submission further, please do not hesitate to contact me.

Kind Regards,

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