

Distribution System Operator, Third Party Aggregator Framework and WEM Procedure for Standard Small User Facilities - Exposure Draft

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2.2C. Network Operators

2.2C.1. The ESM Regulations provide for the ESM Rules to confer functions on registered participants of a specified class. The functions conferred on each Network Operator are to:

- (a) calculate and provide Loss Factors to AEMO;
- (b) provide Limit Advice to AEMO;
- (bA) provide information and assistance to the Coordinator relating to the preparation of the Whole of System Plan by the Coordinator;
- (bB) procure Non-Co-optimised Essential System Services in accordance with sections 3.11A and 3.11B;
- (bC) develop and publish a Transmission System Plan in accordance with section 4.5B;
- (bD) to facilitate and support the Coordinator's role under clause 2.2D.1(h), and to prepare for and enable the evolution and development of the Wholesale Electricity Market and the ESM Rules;
- (c) develop WEM Procedures, and amendments to and replacements for them, as required by these ESM Rules;
- (cA) perform the functions in relation to the standard or technical level of performance in respect of a Technical Requirement applicable to Transmission Connected Generating Systems electrically connected to the Network that the Network Operator operates as set out in Chapter 3A and Appendix 12 of these ESM Rules;
- (d) do anything that the Network Operator determines to be conducive or incidental to the performance of the functions set out in this clause 2.2C.1; and
- (e) carry out any other functions conferred, and perform any other obligations imposed, on Network Operators under these ESM Rules.

Explanatory Note

New clause 2.2C.2 designates Western Power as the Distribution System Operator (DSO) for its distribution system.

Section 124E of the *Electricity Industry Act 2004* empowers the ESM Rules to provide for “the designation of a person or body as a distribution system operator in relation to a distribution system and the functions and rights of a distribution system operator”.

This role represents an expansion of Western Power’s existing role as a Network Operator through more active management and monitoring of its distribution system.

At this stage, the DSO will have one function under the ESM Rules, to produce a WEM Procedure which relates to technical compliance only.

2.2C.2. Western Power is the Distribution System Operator for each of its Distribution Networks.

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Explanatory Note:

New section 2.34C sets out the requirements for Synergy to develop, publish and maintain a Third Party Aggregation Framework.

Section 2.34C is proposed to commence on 1 February 2026, except for clause 2.35C.5(e) which will commence on 1 July 2026.

2.34C. Third Party Aggregator Framework

2.34C.1. Following public consultation which allows adequate opportunity for relevant stakeholders to present their views, Synergy must publish on its website a document (“Third Party Aggregator Framework”) which sets out how Synergy will engage with Third Party Aggregators that seek to provide services to Synergy involving a non-contestable customer as defined in the Metering Code.

2.34C.2. Synergy may amend the Third Party Aggregator Framework from time to time, following public consultation which allows adequate opportunity for relevant stakeholders to present their views on the amendments. The amended framework will take effect from the date it is published on Synergy’s website.

2.34C.3. At the time Synergy publishes the Third Party Aggregator Framework under clauses 2.34C.1 or 2.34C.2, Synergy must also publish:

- (a) the submissions received in the consultation process;
- (b) a summary of those submissions; and
- (c) Synergy’s responses to issues raised in those submissions.

2.34C.4. Synergy must consult with the Coordinator when developing or amending the Third Party Aggregator Framework.

2.34C.5. The Third Party Aggregator Framework must specify:

- (a) the types of services that Synergy intends to procure from Third Party Aggregators;
- (b) minimum technical requirements that a Third Party Aggregator must meet as a condition of providing services to Synergy;

- (c) an overview of the processes for engaging and contracting with Synergy, including:
 - i. how and when Synergy will notify Third Party Aggregators of opportunities to provide services to Synergy;
 - ii. how Third Party Aggregators must submit proposals to provide services to Synergy;
 - iii. how proposals to provide services will be assessed by Synergy;
 - iv. how Synergy will communicate its decision on a proposal to the Third Party Aggregator;
 - v. how Synergy will manage any disputes that arise; and
 - vi. all applicable timeframes;
- (d) the criteria Synergy will use to assess:
 - i. proposals to provide services that it receives from a Third Party Aggregator; and
 - ii. options for Synergy to provide services using its own internal resources;
- (e) a standard form contract, which prescribes:
 - i. all standard terms and conditions with which a Third Party Aggregator must comply to provide services to Synergy; and
 - ii. the mechanisms for sharing risks and benefits between the counterparties; and
- (f) the process by which a Third Party Aggregator can propose to provide services to Synergy other than those specified under clause 2.34C.5(a).

2.34C.6. Synergy must act consistently with the Third Party Aggregator Framework when:

- (a) engaging and contracting with Third Party Aggregators; and
- (b) providing services to AEMO or a Network Operator involving a non-contestable customer as defined in the Metering Code.

2.34C.7. Amendments to the Third Party Aggregator Framework do not affect the terms and conditions of any existing contract between Synergy and a Third Party Aggregator, except where explicitly provided for in the contract.

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3.11B. Procuring Non-Co-optimised Essential System Services

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Explanatory Note

Clauses 3.11B.7 and 3.11B.10 are amended, and new clause 3.11B.8A added, to prohibit the provision of an NCESS involving non-contestable Non-Dispatchable Loads by any party except Synergy.

3.11B.7. An NCESS Submission form must, at a minimum, include:

- (a) the name and type of facility or equipment, and whether it is registered or intended to be registered under these ESM Rules;
- (b) the name of the Market Participant or service provider, as applicable, in respect to the facility or equipment;
- (c) the quantity of service the facility or equipment will provide for the NCESS;
- (d) the timing and duration of the service availability for the NCESS;
- (e) the location of the facility or equipment on the network;
- (f) any operational requirements or limitations that must be respected for use of the facility or equipment for the NCESS;
- (g) where the NCESS Submission is made in respect to a type of technology that would ordinarily be capable of being assigned Certified Reserve Capacity, the information required to be provided by the Market Participant or service provider to demonstrate that it will be able to meet the relevant requirements in clause 4.10.1 in respect of each Reserve Capacity Cycle that the Facility would be eligible to participate in over the period of the NCESS Contract;
- (gA) where the NCESS Submission is made in respect to a type of technology that would not ordinarily be capable of being assigned Certified Reserve Capacity, the information required to be provided by the Market Participant or service provider to demonstrate that it is not able to meet the relevant requirements of clause 4.10.1;
- (h) whether the facility or equipment participates, or will participate, in Central Dispatch or is accredited or will be accredited under these ESM Rules to provide an Essential System Service;
- (i) the fixed costs for that facility or equipment applicable for the period of the NCESS Contract, including any Capacity Credit payments expected or received;
- (iA) if the facility or equipment would ordinarily be capable of being assigned Certified Reserve Capacity, whether the Market Participant or service provider would require any reimbursement for any reduction in a Reserve Capacity settlement amount determined for it under clause 9.8.2 that is a direct consequence of the enablement or dispatch of the NCESS;
- (iB) if the NCESS involves a non-contestable customer as defined in the Metering Code;

- (j) the highest price at which the facility or equipment will provide the NCESS when enabled or dispatched; and
- (k) any other payment that the facility or equipment requires to provide the NCESS.

Participation in NCESS Procurement

3.11B.8. An NCESS Submission must:

- (a) be made in good faith;
- (b) be made in accordance with the NCESS Submission form referred to in clause 3.11B.7 and contain any other information requested; and
- (c) include the cost information and any assumptions used to calculate the proposed NCESS payment structure.

3.11B.8A. Synergy is the only Market Participant or service provider that may make an NCESS Submission that involves a non-contestable customer as defined in the Metering Code.

Selection process and signing of NCESS Contract

3.11B.9. Within 20 Business Days, or as reasonably agreed with the Coordinator, of the closing date for NCESS Submissions, AEMO or the Network Operator, as applicable, must:

- (a) in accordance with clause 3.11B.10, select one or more NCESS Submissions which:
 - i. comply with the requirements in clause 3.11B.7;
 - ii. meet the NCESS Service Specification published in the request for NCESS Submissions; and
 - iii. in AEMO's or the Network Operator's reasonable opinion, as applicable, will result in the highest value for money for providing the NCESS; and
- (b) notify the relevant Market Participant or service provider that their NCESS Submission has been selected.

3.11B.10. Subject to clause 3.11B.12, when determining which NCESS Submissions to select under clause 3.11B.9, AEMO or the Network Operator, as applicable, must:

- (a) exclude NCESS Submissions that do not comply with the NCESS Service Specification; ~~and~~
- (aA) exclude NCESS Submissions from applicants other than Synergy that propose to involve a non-contestable customer as defined in the Metering Code; and
- (b) exclude NCESS Submissions for new facilities or equipment where:

- i. insufficient evidence has been provided to support NCESS delivery dates; or
- ii. sufficient Environmental Approvals have not been granted.

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Distributed Energy Resources Register

3.24. Distributed Energy Resources Register

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- 3.24.16. No less than seven days before the day the DER Register commences, AEMO must publish notice on the WEM Website of the day the DER Register is to commence.

Explanatory Note:

New section 3.25 requires Western Power to develop and publish a new WEM Procedure, which sets out technical requirements for Small Facilities connecting to Western Power's distribution system.

Technical requirements for other DER connected to Western Power's distribution system are expected to be included in the ESM Rules or WEM Procedures as part of the Power System Security and Reliability Standards Review.

Section 3.25 is proposed to commence on 1 February 2026.

Technical Requirements for Standard Small User Facilities

3.25. Requirements for Standard Small User Facilities

- 3.25.1. A Standard Small User Facility is a Facility of the type defined in clause 2.29.1B(c) that:

- (a) contains an Energy Producing System installed on or after 1 February 2026 (inclusive of alterations and modifications to an existing Energy Producing System) that comprises one or more Inverter Energy Systems;
- (b) is, or is intended to be, connected to a Distribution Network with a connection voltage less than 1000 volts; and
- (c) has, or is intended to have, for each Inverter Energy System in the Energy Producing System, a maximum capacity of 30 kVA.

- 3.25.2. A Distribution System Operator must document in a WEM Procedure the following technical requirements to be met by the Market Participant for a Standard Small User Facility connected to its Distribution Network:

- (a) maximum capacity limits for each Inverter Energy System in the Facility;
- (b) maximum installed generation capacity for the Facility;

(c) requirements to comply with relevant AS/NZS 4777 standards relating to inverter requirements; and

(d) either:

i. an Injection limit of 1.5 kW for the Facility; or

ii. requirements to:

1. comply with a higher Injection limit determined by the Distribution System Operator; and

2. ensure that each Inverter Energy System in the Facility is capable of being remotely disconnected from and reconnected to the Distribution Network by the Market Participant.

3.25.3. A Distribution System Operator must consult with the Coordinator and AEMO when developing or amending the WEM Procedure referred to in clause 3.25.2.

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4.24. Supplementary Capacity

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Explanatory Note

Clauses 4.24.7 and 4.24.8 are amended to prohibit the provision of supplementary capacity involving non-contestable Non-Dispatchable Loads by any party except Synergy.

The amendments to clauses 4.24.7 and 4.24.8 are proposed to commence on 1 April 2026.

4.24.7. AEMO must prescribe the tender form to be used by those applying to provide Eligible Services. This form must require the provision of the following information:

(a) the name and contact details of the applicant;

(b) the nature of the Eligible Service to be provided;

(bA) whether the Eligible Service is being offered on an:

i. availability and activation basis; or

ii. activation-only basis;

(bB) whether the Eligible Service involves a non-contestable customer as defined in the Metering Code;

(c) the proposed commencement date and end date of the Supplementary Capacity Contract;

(d) the maximum number of hours over the term of the Supplementary Capacity Contract that the Eligible Service will be available;

(e) for an Eligible Service being offered on an availability and activation basis:

- i. the maximum number of hours on each Trading Day during the term of the Supplementary Capacity Contract that the Eligible Service will be available; and
 - ii. the time of each Trading Day during the term of the Supplementary Capacity Contract that the Eligible Service will be available;
 - iii. the quantity of supplementary capacity being offered;
 - iv. the values of:
 - 1. the availability price for the Eligible Service expressed in dollars per MW per Trading Day, which must be the same price for each Trading Day during the term of the Supplementary Capacity Contract; and
 - 2. the activation price for the Eligible Service, expressed in dollars per MW per hour of activation, where this price must reflect direct or opportunity costs incurred;
- (f) for an Eligible Service being offered on an activation-only basis:
 - i. any restrictions on the availability of the Eligible Service, including the days during a typical week when the Eligible Service will not be available for activation;
 - ii. the maximum quantity of supplementary capacity being offered; and
 - iii. the value of the activation price for the Eligible Service, expressed in dollars per MW per hour of activation;
- (g) any information required to complete the relevant standard form Supplementary Capacity Contract for the Eligible Service and the applicant, together with full details of any amendments to the standard form Supplementary Capacity Contract required by the applicant;
- (gA) the notification time for activating the Eligible Service;
- (h) the mechanism for activating the Eligible Service;
- (i) the mechanisms available for measuring the Eligible Service provided;
- (j) [Blank]
- (k) the location of the Eligible Service and any associated Transmission Node Identifier and any associated NMI, where applicable;
- (l) evidence that the Eligible Service will have access to a network for the contract period, where applicable; and
- (m) the applicant's consent for Western Power to provide AEMO with relevant information, including information related to meters, meter readings and status of access arrangements, where applicable.

- 4.24.8. In determining the result of a call for tenders and entering into Supplementary Capacity Contracts for Eligible Services being offered on an availability and activation basis:
- (a) AEMO must only accept an offer for the provision of Eligible Services;
 - (b) AEMO must only accept an offer for the provision of an Eligible Service being offered on an availability and activation basis if AEMO is satisfied that the Eligible Service will be available during times of system peak demand coinciding with the shortfall period;
 - (bA) AEMO must only accept an offer for the provision of an Eligible Service involving a non-contestable customer as defined in the Metering Code if the provider is Synergy;
 - (c) subject to clauses 4.24.8(a), 4.24.8(b) and 4.24.9, AEMO is to seek to enter into the lowest cost mix of Supplementary Capacity Contracts that:
 - i. will meet the requirement for supplementary capacity; or
 - ii. will, if it is not possible to meet the requirement for supplementary capacity, minimise the remaining Reserve Capacity shortfall,where the cost per MW of each Supplementary Capacity Contract is to be defined to be the sum of:
 - iii. the total availability payment per MW over the proposed contract period, assuming the service is fully available at the times proposed; plus
 - iv. the product of the activation price and the lesser of:
 - 1. the number of hours specified in the advertisement for the call for tenders under clause 4.24.6(d); and
 - 2. the number of hours specified for the Eligible Service in the relevant tender form in accordance with clause 4.24.7(d); and
 - (d) AEMO must be reasonably satisfied that the provider of the Eligible Service has access to a network, where applicable.

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Glossary

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Distribution Network: A Network that is a distribution system.

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Explanatory Note

The definition of Distribution System Operator reflects the parent definition in the Electricity Industry Act:

“**distribution system operator**, in relation to a distribution system, means a person or body designated under the electricity system and market rules as the operator of the distribution system”.

Distribution System Operator: Has the meaning given in the Electricity Industry Act.

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Inverter Energy System: A system comprising one or more inverters together with one or more energy sources (which may include Electric Storage Resources) and controlled up to the single main switch for that system. It may also include additional equipment used for monitoring and control. Multiple Inverter Energy Systems can exist within a single Energy Producing System in a Facility.

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Standard Small User Facility: Has the meaning given in clause 3.25.1.

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Third Party Aggregator: A person, other than the Market Participant for a Non-Dispatchable Load, who controls the operation of an Inverter Energy System in the Non-Dispatchable Load under an agreement with the Market Participant's customer.

Third Party Aggregator Framework: The document published by Synergy under clause 2.34C.1, as amended under clause 2.34C.2.

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