



Department of
Energy and Economic
Diversification

Energy Policy WA

Transformation Design and Operation Working Group meeting 57

Electricity System and Market Amendment (Tranche 9) Rules - Exposure Draft and Addendum

12 November 2025

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brighter energy future.

Title: Agenda

9.30am	Item 1: Overview
9.35am	Item 2: Addendum - NTDL and TDL Ratios
9.45am	Item 3: Addendum – DSP Maintenance
10.00am	Item 4: Addendum – DSP Reserve Capacity Security
10.15am	Item 5: Addendum – DSP Reserve Capacity Refunds
10.30am	Item 6: DSP Load Association, Testing and Refunds Provisions
10.45am	Item 7: Meter data submission
11.00am	Item 8: IRCR
11.15am	Item 9: Distribution of Civil Penalty Amounts
11.30am	Item 10: Allow Non-Contestable Customers in Synergy's DSPs
11.30am	Item 11: Other Changes

Tranche 9 Exposure Draft and Addendum

Key points

The initial Tranche 9 Exposure Draft

- Developed in consultation with AEMO
- Issues relating to the implementation of the new DSP regime

The Tranche 9 Addendum

- Developed in consultation with AEMO
- Issues flagged in the initial Exposure Draft identified late in the process
- DSP Reserve Capacity Security, DSP maintenance
- Capacity shortfalls and refunds

Addendum - NTDL and TDL Ratio

NTDL / TDL Ratios

In the 2025 Capacity Year, the Non-Temperature Dependent Load (NTDL) Ratio is higher than the Temperature Dependent Load (TDL) Ratio

- The Non-Temperature dependent Load (NTDL) Ratio is higher than the Temperature Dependent Load (TDL) Ratio if the Reserve Margin increases and/or there is a shortfall of Reserve Capacity
- The higher NTDL_Ratio in the 2025 Capacity Year is due to a Reserve Capacity shortfall and would not be expected to occur in a Capacity Year in which the Reserve Capacity Requirement is met
- The higher NTDL Ratio means that participants that have nominated their loads as NTDLs are currently paying more for reserve capacity than those with TDLs
- Several participants have approached EPWA with concerns that this was unexpected, as it has never occurred in the past
- A decision resulting from the 2023 RCM Review was to remove the concept of NTDL from the ESM Rules so NTDLs and TDLs would have an equal ratio - this is currently scheduled to commence on 1 October 2027
- EPWA, in consultation with AEMO, has developed draft ESM Amending Rules to implement equal NTDL and TDL Ratios, de facto bringing the implementation of the above policy to 1 March 2026
- We are seeking stakeholders' views on this proposal

Addendum – DSP Maintenance

Changes to the DSP regime

Background

The Minister made Amending Rules implementing a new regime for DSPs based on the:

- Reserve Capacity Mechanism (RCM) Review
- Demand Side Response (DSR) Review

AEMO identified issues potentially affecting the operation of DSPs in the RCM. These are related to:

- Association of loads prior to the Capacity Year
- Reserve Capacity Testing
- Capacity shortfalls and refunds

EPWA consulted on proposed solutions through a Consultation Paper in September

- Two overall supportive submissions received
- One new issue raised relating to DSP maintenance and outages

Tranche 9 includes Amending Rules for the proposed changes

- Additional issues identified by AEMO relating to DSP Reserve Capacity Security

The new issues are addressed in the Addendum

DSP maintenance and outages

Background

The dynamic baseline – policy intent

- reflect what the DSP would have done if it would have not been dispatched
- allow reasonable forecast of the actual response of a dispatched DSP
- mitigate the risk of gaming

Issue: Planned maintenance or other outages could affect a DSP's Relevant Demand

- the risk is highest for large industrial loads
- disincentive to participate in a DSP
- disincentive to follow Dispatch Instruction if the DSP will incur the maximum refund anyway

Proposal: Allow to exclude days from the Relevant Demand

- Allow Market Participants to exclude a day for the calculation of the Relevant Demand – no evidence needed
- Exclusion must be requested within a day
- Limit of 20 exclusion days per Capacity Year
- No exclusion after receiving a Dispatch Instruction or request for a Reserve Capacity Test that would have the day in the Baseline Window

DSP maintenance and outages

Proposed Tranche 9 changes – introduce new clauses 2.26.2CB, 2.26.2CC and 2.26.2CD

4.26.2CB. A Market Participant may request that AEMO disregards a day for the purpose of determining the Selected Days in accordance with Section 1 of Appendix 10 because the level of Withdrawal or Injection of the Demand Side Programme on that day:¶

(a) → will not be representative of the usual operation of the Demand Side Programme due to any planned or foreseen event; or¶

(b) → was not representative of the usual operation of the Demand Side Programme due to any unforeseen event:¶

4.26.2CC. AEMO must:¶

(a) → reject a request made under clause 4.26.1CB if:¶

i. → the request was made more than 1 day after the day that is requested to be excluded:¶

ii. → by accepting the request, the total number of days accepted under this clause 4.26.2CC for this Demand Side Programme in the Capacity Year the day ends in would exceed 20 days:¶

ii. → the day requested to be disregarded would fall into the Baseline Window for a Trading Interval for which AEMO has:¶

1. → issued a Dispatch Instruction for the relevant Demand Side Programme before the request under clause 4.26.2CC was received by AEMO; or¶

2. → requested a Reserve Capacity Test under clause 4.25.2(b) for the relevant Demand Side Programme.¶

(b) → otherwise accept the request.¶

4.26.2CD. AEMO must, when determining the Relevant Demand of a Demand Side Programme under Appendix 10, exclude any days for which a request was accepted under clause 4.26.2CC(b).¶

Addendum – DSP Reserve Capacity Security

DSP Reserve Capacity Security

Background

Policy intent – DSP Reserve Capacity Security in general

- DSP Reserve Capacity Security must be provided for every Capacity Year
- $\text{DSP Reserve Capacity Security} = 0.25 * \text{Capacity Credits} * \text{BRCP}$
- Market Participant can lose up to 100% of the security for a DSP in every Capacity Year (but not more)
- DSP can incur Facility Reserve Capacity Deficit Refunds up to $1.25 * \text{Capacity Credits} * \text{RCP}$

Policy intent – DSP Reserve Capacity Security for small aggregations

- Once Capacity Credits are allocated to the multiple registered DSPs – the single security is allocated accordingly
- AEMO can draw up to 100% of the part of the single security allocated to each of the multiple DSPs and not more

Issue

- Participant can currently lose more than 100% of the DSP Reserve Capacity Security in a Capacity Year
- Ambiguity about how DSP Reserve Capacity security is drawn from DSPs subject to clause 4.10.1B

DSP Reserve Capacity Security

Proposed Tranche 9 changes – add clauses 2.29.5AN and 4.13A.16B

2.29.5AN. If a Market Participant fails to associate enough Non-Dispatchable Loads to a Demand Side Programme to satisfy the requirements under clause 2.29.5AB(a)(ii) or 2.29.5AB(b), as applicable, AEMO must reduce the level of Flexible Capacity Credits assigned to the Demand Side Programme by the association shortfall calculated as:

$$\max(0, FCC(f) - SCCL(f))$$

where:

(a) → FCC(f) is the total of Flexible Capacity Credits assigned to the Facility; and

(b) → SCCL(f) is the sum of the MW quantities by which each Associated Load is expected to reduce its Withdrawal or increase its Injection, provided under clause 2.29.5B for the Associated Loads of the Demand Side Programme.

- New provision to reduce Flexible Capacity if not sufficient load is associated

4.13A.16B. AEMO may not draw down more DSP Reserve Capacity Security than the amount determined under clause 4.13A.2(b) for the relevant Capacity Year. For the avoidance of doubt, for a Demand Side Programme that was allocated Capacity Credits under clause 2.29.5AB(a)(i), AEMO may not draw down more than the part of the DSP Reserve Capacity Security apportioned to that DSP under clause 4.13A.5B, for the relevant Capacity Year.

- New provision to limit DSP Reserve Capacity Security that can be drawn upon per capacity Year to 100%

DSP Reserve Capacity Security

Proposed Tranche 9 changes – amendments to clause 4.13A.5B

4.13A.5B. If AEMO:

(a) → holds a single DSP Reserve Capacity Security for multiple registered Demand Side Programmes under clause 4.13A.5A; and

(b) → intends to draw down on DSP Reserve Capacity Security in respect of one of the registered Demand Side Programmes;

then AEMO must apportion the single DSP Reserve Capacity Security across the multiple registered Demand Side Programmes it relates to as follows:

$$DSPRCS(f) = DSPRCS(CF) \times \frac{CC(f)}{\sum_{i \in CF} CC(i)}$$

where:

(c) → DSPRCS(f) denotes the DSP Reserve Capacity Security AEMO apportions to registered Demand Side Programme f under this clause;

(d) → DSPRCS(CF) denotes the single DSP Reserve Capacity Security AEMO holds in respect of certified Demand Side Programme CF under clause 4.13A.5A which, for the avoidance of doubt, excludes any previous reductions in relation to the same Capacity Year resulting from previous payments made under clause 4.13A.15A;

(e) → CC(f) denotes the number of Peak Capacity Credits allocated to the registered Demand Side Programme f in accordance with clause

(f) → CC(i) denotes the number of Capacity Credits allocated to the registered Demand Side Programme i in accordance with clause 2.29.5AB(a)(i); and

(g) → i ∈ CF denotes the set of registered Demand Side Programmes (i) comprising the certified Demand Side Programme (CF);

- Exposure Draft proposes to commence clause January 2026 instead of October 2026

- (d) ensures the basis of Capacity Credits is used for apportioning the security (allocated Capacity Credits minus any reductions due to insufficient apportioning or insufficient load associations)

- (e) and (f) ensure the right values are used for determining the shares of security

DSP Reserve Capacity Security

Proposed Tranche 9 changes – amendments to clause 4.13A.15

4.13A.15. If a Market Participant that provides DSP Reserve Capacity Security in respect of a Demand Side Programme fails to reduce ~~the consumption~~ Withdrawal or increase Injection of the Associated Loads for that Demand Side Programme to a level which is at least equivalent to its Required Level, adjusted to 90 percent of the level of Peak Capacity Credits specified in clause 4.20.5A or allocated under clause 2.29.5AB and reduced by any reductions of Capacity Credits under clause 4.25.4C, in at least two Trading Intervals before the end of the relevant Capacity Year, then the Market Participant must pay to AEMO, as compensation to the market, an amount equal to the DSP Reserve Capacity Security amount for that Demand Side Programme for that Capacity Year less any amount paid for this Demand Side Programme under clause 4.13A.15A in that Capacity Year as soon as practicable after the end of the relevant Capacity Year and in any event by 30 November 31 December of Year 4 of the relevant Reserve Capacity Cycle.¶

- Commencement 1 October 2026
- **Reflect any reductions in Capacity Credits**
- **Limit to 100% of the DSP Reserve Capacity Security ins now covered under 4.13A.16B**
- **Change the date to reflect availability of adequate meter data**

DSP Reserve Capacity Security

Proposed Tranche 9 changes – amendments to clause 4.25.4CD

4.25.4CD. If AEMO reduces Peak Capacity Credits for Demand Side Programme f with effect from Trading Day d under clause 4.25.4C(c), the relevant Market Participant must, within 10 Business Days of being informed of the reduction by AEMO in accordance with clause 4.25.4C(b), pay to AEMO an amount equal to:

$$\text{PeakCapacityPaymentReductionRatio}(f, d) \times \text{DSPSecurity}(f)$$

where:

- (a) → ~~PeakCapacityPaymentReductionRatio(f, d) is the Peak Capacity Payment Reduction Ratio calculated in accordance with clause 4.25.4CC; and~~
- (b) → ~~DSPSecurity(f) is the amount of DSP Reserve Capacity Security originally required by AEMO in relation to Demand Side Programme f in accordance with clause 4.13A.2(b) or apportioned by AEMO to the Demand Side Programme under clause 4.13A.5B which, for the avoidance of doubt, excludes any previous reductions in relation to the same Capacity Year resulting from previous payments made under clause 4.25.4CD.~~

~~4.25.4CC. If AEMO reduces Peak Capacity Credits for Demand Side Programme f with effect from Trading Day d under clause 4.25.4C(c), AEMO must calculate a Peak Capacity Payment Reduction Ratio as:~~

$$\text{PeakCapacityPaymentReductionRatio}(f, d) = \left(1 - \frac{\text{DaysComplete}(d)}{\text{TDY}(d)}\right) \times \frac{\text{ReductionQuantity}(f, d)}{\text{InitialQuantity}(f, d)}$$

~~where:~~

- ~~(a) → DaysComplete(d) is the number of Trading Days up to, but excluding, Trading Day d since 1 October of the Capacity Year in which Trading Day d falls;~~
- ~~(b) → TDY(d) is the number of Trading Days in the Capacity Year in which Trading Day d falls;~~
- ~~(c) → ReductionQuantity(f, d) is the quantity of Peak Capacity Credits that AEMO reduced Demand Side Programme f by under clause 4.25.4C(c) in Trading Day d which, for the avoidance of doubt, excludes any previous reductions in relation to the same Capacity Year under clause 4.25.4C(d); and~~
- ~~(d) → InitialQuantity(f, d) is the quantity of Peak Capacity Credits assigned by AEMO to Demand Side Programme f in accordance with clauses 2.29.5AB(a)(i) or 4.20.5A in relation to the Capacity Year in which Trading Day d falls.~~

- Exposure Draft proposes to commence clause January 2026 instead of October 2026
- Reflect that reduction of Capacity Credits is already accounted for under 4.25.4CC

DSP Reserve Capacity Security

Proposed Tranche 9 changes – amendments to clause 4.13A.15A

~~4.13A.15A. If a Demand Side Programme has its Capacity Credits reduced by AEMO under clauses 2.29.5AE, 2.29.5AF or 2.29.5AM, then, subject to clause 4.13A.16B, the Market Participant that provides the DSP Reserve Capacity Security for the Demand Side Programme must pay to AEMO, as compensation to the market, the greater of:~~

- ~~(a) → if AEMO has reduced the level of Peak Capacity Credits under clauses 2.29.5AE or 2.29.5AM, an amount equal to the product of:~~
 - ~~i. → the shortfall in Peak Capacity Credits calculated by AEMO under clauses 2.29.5AE or 2.29.5AM; and~~
 - ~~ii. → 25 percent of the Peak Benchmark Reserve Capacity Price included in the Request for Expressions of Interest issued for the relevant Reserve Capacity Cycle, expressed in \$/MW per year; and~~
- ~~(b) → if AEMO has reduced the level of Flexible Capacity Credits under clause 2.29.5AF or 2.29.5AN, an amount equal to the product of:~~
 - ~~i. → the shortfall in Flexible Capacity Credits calculated by AEMO under clause 2.29.5AF or 2.29.5AN; and~~
 - ~~ii. → 25 percent of the Flexible Benchmark Reserve Capacity Price included in the Request for Expressions of Interest issued for the relevant Reserve Capacity Cycle, expressed in \$/MW per year.~~

- Exposure Draft proposes to commence clause January 2026 instead of October 2026
- **Refer to new clauses 2.29.5AN** (reduction of Flexible Capacity Credits for not associating sufficient load)
- **Refer to new clause 4.13A.16B** (limit DSP Reserve Capacity Security that can be drawn upon in a Capacity Year)
- **(a)(ii) and (b)(ii) base the amount drawn upon on the relevant BRCP**

DSP Reserve Capacity Security

Proposed Tranche 9 changes – additional change not in the Exposure Draft or Addendum

Tranche 8 made changes to

- Address GST issue related to drawing and distributing Reserve Capacity Security
- Align distribution of security drawn from all Facilities

Issue: Clause 4.25.4CE commences twice – 2026 commencement was missed in Tranche 8

Proposal: Delete clause 4.25.4CE and cover 4.25.4CD under 4.13A.16 instead

~~4.13A.16. The payment obligation under clauses 4.13A.15, 4.13A.15A or 4.25.4CD may be satisfied by AEMO drawing upon:¶~~

- ~~(a) → if the payment obligation is under clause 4.13A.15, the DSP Reserve Capacity Security for the relevant registered Demand Side Programme, or the single DSP Reserve Capacity Security that AEMO holds under clause 4.13A.5A in accordance with clause 4.13A.5B; or¶~~
- ~~(b) → if the payment obligation is under clause 4.13A.15A, the single DSP Reserve Capacity Security that AEMO holds under clause 4.13A.5A in accordance with clause 4.13A.5B.¶~~

~~4.25.4CE. The payment obligation under clause 4.25.4CD may be satisfied by AEMO drawing upon the DSP Reserve Capacity Security for the Demand Side Programme, and applying the amount claimed (after meeting AEMO's costs associated with doing so) so as to:¶~~

- ~~(a) → firstly, offset the cost of funding Supplementary Capacity Contracts for any capacity shortage stemming entirely or in part from the Demand Side Programme not being available; and¶~~
- ~~(b) → secondly, once all costs to which clause 4.25.4CE(a) refers are covered, make a rebate payment to Market Participants in proportion to their Individual Reserve Capacity Requirements during the relevant Trading Day in accordance with Chapter 9.¶~~

Addendum – DSP Reserve Capacity Refunds

DSP Reserve Capacity Refunds

Background

New amended DSP refund regime

- DSPs incur refunds following a failed test or dispatch until the next test or dispatch
- Refund rate for DSPs is based on the expected dispatch hours

Issue: Maximum refund will can be reached shortly after a failed test

- Disincentive to participate
- Disincentive to react to a Dispatch Instruction if maximum refund already reached
- The Peak DSP Delivery Shortfall can be double counted

Proposal

- Apply refunds only during Trading Intervals with a positive RCOQ
- Base refund rate on the number of Trading Intervals that the DSP theoretically has a positive RCOQ

DSP Reserve Capacity Refunds

Proposed Tranche 9 changes – amend clauses 4.26.1(b)(v)

(b) → For a Facility f , for which a Market Participant holds Capacity Credits, in the Trading Interval t , $Y(f,t)$ is determined as follows:¶

...¶

v. → where Facility f is a Demand Side Programme, $Y(f,t)$ is equals the Reserve Capacity Price for the Facility divided by 400.¶

$$\frac{PRCP}{DSP_MIN_AV_TI \times QTY_BD_CY}¶$$

Where:¶

1. → PRCP is the Peak Reserve Capacity Price for Facility f for the Capacity Year.¶

2. → DSP_Min_AV_TI is the minimum number of Trading Intervals per Trading Day, that a DSP must nominate to be available to provide Peak Capacity if issued a Dispatch Instruction in accordance with clause 4.10.1(f)(iii); and¶

3. → QTY_BD_CY is the number of Business Days in the relevant Capacity Year.¶

- Commence 1 October 2026

DSP Reserve Capacity Refunds

Proposed Tranche 9 changes – amend clause 4.26.1A(a)(ii)(5)

5. → if Facility f is a Demand-Side Programme, the ~~capacity shortfall~~ **Peak DSP Association Shortfall** calculated by AEMO under clause 4.26.1AB, or zero if AEMO has not determined a Peak DSP Association Shortfall for the Trading Interval, as:
- $\max(\text{PDSPTS}(f,t), \text{PDSPDS}(f,t))$
- where:
- i. → $\text{PDSPTS}(f,t)$ is the Peak DSP Test Shortfall in MW determined by AEMO under clause 4.25.3D, clause 4.25.4(b) or clause 4.25.6(b)(i), or zero if AEMO has not determined a Peak DSP Test Shortfall; and
- ii. → $\text{PDSPDS}(f,t)$ is the Peak DSP Delivery Shortfall in MW determined by AEMO under clause 4.26.1AA; and

- (b) → the sum of:
- i. → either:
1. → if Facility f is a Registered Facility:
- $\text{TIRR}(f,t) \times S$
- where:
- S is the Capacity Shortfall in MW determined in accordance with clause 4.26.2D in Trading Interval t ; and
- $\text{TIRR}(f,t)$ is the Trading Interval Refund Rate for Facility f in Trading Interval t ; or
- $\text{TIRR}(f,t) \times \min(\text{PDSPDS}(f,t), \text{RCOQ}(f,t))$
- where:
- i. → $\text{TIRR}(f,t)$ is the Trading Interval Refund Rate for Facility f in Trading Interval t ;
- ii. → $\text{PDSPDS}(f,t)$ is the Peak **DSP Delivery Shortfall** in MW determined in accordance with clause 4.26.1AA in Trading Interval t ; and
- iii. → $\text{RCOQ}(f,t)$ is the Reserve Capacity Obligation Quantity of the Demand-Side Programme f for Trading Interval t (in MW); or
2. → otherwise, zero; and
- ii. → the Facility Reserve Capacity Deficit Refund for Trading Interval t for Facility f , determined in accordance with clause 4.26.1A.

Remove the Peak DSP Delivery Shortfall from clause 4.26.1A to avoid double counting - already accounted for in 4.26.3A(b)

DSP Reserve Capacity Refunds

Proposed Tranche 9 changes – amend clauses 4.26.1A(a)(ii)(5) and 4.26.1AC

4.26.1AC. For the purpose of clause 4.26.1AB, AEMO must calculate the Peak DSP

Association Shortfall as:

$PDSPAS(f,t) := \max(0, RCOQ(f,t) - CCTCICL(f,t))$

where:

(a) → RCOQ(f,t) is the Reserve Capacity Obligation Quantity determined for Facility f in Trading Interval t; and

(b) → CCTCICL(f,t) is the sum of the MW quantities by which each Associated Load is expected to reduce its Withdrawal or increase its Injection, provided under clause 2.29.5B for the Associated Loads of the Demand Side Programme.

- Base the new DSP Association Shortfall on the RCOQ

Addendum – DSP related minor changes

Apportioning Capacity Credits by 1 July

Proposed Tranche 9 changes – remove clause 4.20.16B

Failure to apportion Capacity Credits assigned under 4.20.1B

- Results in loss of Capacity Credits and related DSP Reserve Capacity Security

Clause 4.20.16B also requires AEMO to report compliance

- Unnecessary administrative burden on AEMO and the ERA

4.20.16B-If¶

(a) → AEMO has assigned Capacity Credits to a certified Demand Side Programme that was subject to clause 4.10.1B in Year 1 of a Reserve Capacity Cycle; and¶

(b) → the Market Participant has, subsequently, apportioned those Capacity Credits across multiple Demand Side Programmes in accordance with clause 2.20.5AB;¶

the Market Participant must, no later than three months prior to the start of the Capacity Year, notify AEMO of the number of Capacity Credits that are to be apportioned to each individually registered Demand Side Programme for the Capacity Year such that:¶

(c) → the sum of the Peak Capacity Credits apportioned to the registered Demand Side Programmes equals the total Peak Capacity Credits assigned to the certified Demand Side Programme; and¶

(d) → the sum of the Flexible Capacity Credits apportioned to the registered Demand Side Programmes equals the total Flexible Capacity Credits assigned to the certified Demand Side Programme.¶

Nomination of Relevant Demand method

Background

Current approach

- Market Participant must nominate method before the start of the Capacity Year
- Unadjusted Baseline Method is the default method if no nomination
- Market Participant can change method once per Capacity Year

Issues

- Requirement for initial nomination is unnecessary burden for Market Participant and AEMO
- Ambiguity about when the nomination must apply

Proposed approach

- Make initial nomination optional
- Unadjusted Baseline Method is the default method if no nomination
- Market Participant can nominate a different method twice for each Capacity Year

Nomination of Relevant Demand method

Proposed Tranche 9 changes I – amend 2.29.5AG, 2.29.5AH, 2.29.5AI and remove 2.29.5AJ

2.29.5AG.A Market Participant responsible for a Demand Side Programme ~~must, no later than five Business Days prior to the start of each Capacity Year~~ may, nominate either the Adjusted Baseline Method or Unadjusted Baseline Method for the determination of the Relevant Demand of the Demand Side Programme ~~for the relevant Capacity Year.~~

2.29.5AH.AEMO must:

- (a) → use the Unadjusted Baseline Method if a Market Participant ~~fails to~~ has not nominated a method for the determination of the Relevant Demand of the Demand Side Programme in accordance with clause 2.29.5AG; or
- (b) → if a Market Participant nominates a method for the determination of the Relevant Demand of the Demand Side Programme in accordance with clause 2.29.5AG:

i. → effect the nomination from the later of:

1. → the Trading Day specified by the Market Participant in the nomination; or

2. → the start of the second Trading Day following the date of receipt of the nomination; and

ii. → within one Business day of receipt of the nomination, inform the Participant about the date the nomination will be effective.

i. → acknowledge the receipt of the nomination within two Business Days; and

ii. → effect the nomination within five Business Days of receipt and notify the Market Participant when the nomination is effective.

2.29.5AI. → A Market Participant responsible for a Demand Side Programme may apply to AEMO ~~once during a Capacity Year~~ to change the method for the determination of the Relevant Demand of the Demand Side Programme ~~for that~~ twice for each Capacity Year.

~~2.29.5AJ. → If a Market Participant applies to AEMO to change the method for the determination of the Relevant Demand of a Demand Side Programme under clause 2.29.5AI, AEMO must apply the new method from the start of the first Trading Day commencing 5 Business Days after AEMO receives the application.~~ [BLANK]

Nomination of Relevant Demand method

Proposed Tranche 9 changes II – amend transitional provisions 1.67.2, 1.67.3

1.67.2. → Market Participants with Capacity Credits for Demand Side Programmes ~~for the 2026 Capacity Year must comply~~ may nominate a method for the determination of the Relevant Demand of the Demand side Programme in accordance with clause 2.29.5AG of the Post-Amended Rules ~~no later than 23 September 2026 under this clause 1.67.2 until 1 October 2026.~~¶

1.67.3. → Where a Market Participant nominates a method for the determination of the Relevant Demand of the Demand Side Programme in accordance with clause 1.67.2, AEMO must ~~process the nomination in accordance with clause 2.29.5AH of the Post-Amending Rules.~~¶
(a) → ~~acknowledge the receipt of the nomination within two Business Days, and~~¶
(b) → ~~effect the nomination within five Business Days of receipt and notify the Market Participant when the nomination is effective.~~¶

DSP Load Association, Testing and Refunds Provisions

Load association prior to the Capacity Year

Background

Policy intent

- DSPs to have sufficient load associated by 1 July before the start of the Capacity Year

Issue

- Some DSPs are not subject to the requirement to associate sufficient loads.
- The ESM Rules do not specify that the associated loads must be sufficient to cover the Capacity Credits

Proposal

- Extend the load association requirements to all DSPs.
- Require provision of contracted capacity (decrease in withdrawal / increase of injection) upon association
- The sum of contracted capacity of Associated Loads must at least equal Capacity Credits
- Reduction of Capacity Credits and loss of DSP Reserve Capacity Security for not associating load in time
- Allow Association to start as late as 1 December
- Introduce DSP Association Shortfall for any shortfall of association from 1 October

Load association prior to the Capacity Year

Proposed Tranche 9 changes – amend clauses 2.29.5AB

2.29.5AB. A Market Participant who was assigned Peak Capacity Credits or Flexible Capacity Credits for a certified Demand Side Programme must no later than three months before the start of the Capacity Year:

(a) if the Demand Side Programme was subject to clause 4.10.1B in Year 1 of the Reserve Capacity Cycle:

- i. in accordance with clause 4.20.16B notify AEMO of the number of Capacity Credits that are to be allocated to one or more Demand Side Programmes that are registered; and
- ii. associate Non-Dispatchable Loads with each registered Demand Side Programme that is to be allocated Capacity Credits under clause 2.29.5AB(a)(i) such that:
 1. the date of association for the Associated Loads of the Demand Side Programme is no later than 1 December of the relevant Capacity Year; and
 2. the sum of the MW quantities by which each Associated Load is expected to reduce its Withdrawal or increase its Injection, provided under clause 2.29.5B for the Associated Loads equals at least the Capacity Credits allocated to the Demand Side Programme that was subject to clause 4.10.1B; or

(b) if the Demand Side Programme was not subject to clause 4.10.1B in Year 1 of the Reserve Capacity Cycle, associate Non-Dispatchable Loads to the Demand Side Programme such that:

- i. the date of association for the Associated Loads of the Demand Side Programme is no later than 1 December of the relevant Capacity Year; and
- ii. the sum of the MW quantities by which each Associated Load is expected to reduce its Withdrawal or increase its Injection, provided under clause 2.29.5B for the Associated Loads equals at least the Capacity Credits assigned to the Demand Side Programme.

For the avoidance of doubt, the requirement to associate Non-Dispatchable Loads to Demand Side Programmes under this clause does not preclude a Market Participant from associating additional Non-Dispatchable Loads to their Demand Side Programmes during the Capacity Year.

- **Extend the association requirement to all DSPS**
- **Require capacity of Associated Loads be at least equal Capacity Credits**
- **Extend latest association start date to 1 December**

Load association prior to the Capacity Year

Proposed Tranche 9 changes – amend clauses 2.29.5B(d) and (e)

2.29.5B. A Market Participant may apply to AEMO to associate a Non-Dispatchable Load with a Demand Side Programme or an Interruptible Load. The Market Participant must provide the following information to AEMO in support of the application:

- Include provision of intended or contracted capacity

(d) if the Market Participant requesting the association owns, controls or operates the relevant Non-Dispatchable Load, then ~~the start date and end date of the Non-Dispatchable Load association proposed by the Market Participant; and;~~

i. the start date of the Non-Dispatchable Load association;

ii. the end date of the Non-Dispatchable Load association; and

iii. the intended reduction of Withdrawal or increase in Injection, in MW, of the Non-Dispatchable Load;

(e) if the Market Participant requesting the association has entered into a contract with a person who owns, controls or operates the relevant Non-Dispatchable Load, then ~~the contract start date and contract end date;~~

i. the contract start date of the Non-Dispatchable Load association;

ii. the contract end date of the Non-Dispatchable Load association; and

iii. the contracted reduction of Withdrawal or increase in Injection, in MW, of the Non-Dispatchable Load; and

Load association prior to the Capacity Year

Proposed Tranche 9 changes – introduce clauses 2.29.5AM and 2.29.5AN

2.29.5AM. If a Market Participant fails to associate enough Non-Dispatchable Loads to a Demand Side Programme to satisfy the criteria under clauses 2.29.5AB(a)(ii) or 2.29.5AB(b), as applicable, AEMO must reduce the level of Peak Capacity Credits assigned to the Demand Side Programme by the association shortfall calculated as:

$$\max(0, PCC(f) - SCCL(f))$$

where:

(a) → PCC(f) is the total of Peak Capacity Credits assigned to the Facility; and

(b) → SCCL(f) is the sum of the MW quantities by which each Associated Load is expected to reduce its Withdrawal or increase its Injection, provided under clause 2.29.5B for the Associated Loads of the Demand Side Programme.

2.29.5AN. If a Market Participant fails to associate enough Non-Dispatchable Loads to a Demand Side Programme to satisfy the requirements under clause 2.29.5AB(a)(ii) or 2.29.5AB(b), as applicable, AEMO must reduce the level of Flexible Capacity Credits assigned to the Demand Side Programme by the association shortfall calculated as:

$$\max(0, FCC(f) - SCCL(f))$$

where:

(a) → FCC(f) is the total of Flexible Capacity Credits assigned to the Facility; and

(b) → SCCL(f) is the sum of the MW quantities by which each Associated Load is expected to reduce its Withdrawal or increase its Injection, provided under clause 2.29.5B for the Associated Loads of the Demand Side Programme.

- **Reduction of Capacity Credits if not sufficient load is associated**

Reserve Capacity Testing

Background

Policy intent

- AEMO must verify DSP capability twice per Capacity Year
- Verification through test or observation
- Failed tests results in capacity shortfall and Reserve Capacity Refunds
- Failure to comply with a Dispatch instruction results in capacity shortfall and Reserve Capacity Refunds

Issues

- Prescribed timelines are unachievable due to availability of meter data
- Ambiguous how meter data adjustments affect verification
- Unclear how AEMO would verify by observation
- Capacity shortfall of failed test and failed dispatch are inconsistent
- Capacity shortfall of failed test can be zero (if Required Level was reached in one Trading Interval)
- AEMO is not allowed to discriminate against DSP that failed maximum number of tests

Reserve Capacity Testing

Proposal I

Align verification through test and observation

- Every dispatch of a DSP will be counted as test – Dispatch Event

Remove wait time prior to re-test

- Allow Market Participants to request re-test any time after a test or dispatch
- The Market Participant is best placed to assess whether the DSP passed the test or dispatch before Meter Data from Western Power is available
- This allows the Market Participant to limit the Trading Intervals for which it incurs Reserve Capacity Deficit Refunds

Test limit

- Limit number of re-tests that can be requested to 3 and allow AEMO to discriminate after 4 failed tests

Reserve Capacity Testing

Proposed Tranche 9 changes I – amend clauses 4.25.2BB and 4.25.2BC

DSP Dispatch Event: For a Demand Side Programme, the set of contiguous Trading Intervals during which the Demand Side Programme was subject to a Reserve Capacity Test or a Dispatch Instruction with a non-zero MW quantity.

4.25.2BB. Subject to clause 4.25.2BC, in each period outlined in clauses 4.25.1(c)(i) and 4.25.1(c)(ii), at any time after a Demand Side Programme has been subject to a DSP Dispatch Event in that period, the relevant Market Participant may request that AEMO conduct a Reserve Capacity Test of that Demand Side Programme.

4.25.2BC. A Market Participant must not request more than three Reserve Capacity Tests for the same Demand Side Programme under clause 4.25.2BB in each period outlined in clauses 4.25.1(c)(i) and 4.25.1(c)(ii).

- **Introduce DSP Dispatch Event to cover test and dispatch**
- **Allow Market Participant to request re-test**
- **Limit requests to 3 per testing period**

Consequential changes

- **Remove explicit DSP Test Shortfall** – clause 4.25.3D
- **Remove DSPs from re-test provisions for other Facilities**
- **Remove option for Market Participant to refuse re-test for a DSP** because re-tests are now optional – clauses 4.25.4G and 4.25.4H
- **Remove provision allowing Market Participants to request additional re-tests** (clauses 4.25.4I and 4.25.6(b)) because this is now covered under 4.25.2bb and 4.25.2BC

Reserve Capacity Testing

Proposal II

Align capacity shortfall for test and dispatch

- The capacity shortfall will reflect the best performance during any of:
 - the failed Trading Intervals of the Reserve Capacity Test, or
 - Trading Intervals in which the dispatched DSP failed to reach its Required Level during a dispatch

DSP performance

- Apply DSP capacity shortfall (for failed dispatch event) from start of the dispatch event until the start of the next dispatch event
- Updated meter data can change the result of a verification or dispatch compliance

Reserve Capacity Testing

Proposed Tranche 9 changes II – amend clause 4.26.1AA introduce clause 4.26.1AF

DSP Dispatch Event: For a Demand Side Programme, the set of contiguous Trading Intervals during which the Demand Side Programme was subject to a Reserve Capacity Test or a Dispatch Instruction with a non-zero MW quantity.

4.26.1AA. AEMO must determine the Peak DSP Delivery Shortfall for a Demand Side Programme for all Trading Intervals t from the first Trading Day Interval of Dispatch Event e up to but excluding the first Trading interval of the next DSP Dispatch Event e+1 as the minimum of:

- (a) the number of Peak Capacity Credits held by the Market Participant for the Demand Side Programme for Trading Interval t; and
- (b) the Peak DSP Event Shortfall determined under clause 4.26.1AF for DSP Dispatch Event e.

4.26.1AF. AEMO must calculate the Peak DSP Event Shortfall for each set of contiguous Trading Intervals e during which the Demand Side Programme was subject to a Reserve Capacity Test or a DSP Dispatch Event as follows:

- (a) if the Capacity Shortfall determined under clause 4.26.2D for every Trading Interval in e is zero, the DSP Event Shortfall for e is zero; and
- (b) otherwise, the DSP Event Shortfall equals the lowest, non-zero, Capacity Shortfall of all Trading Intervals in e.

- **Introduce Peak DSP Event Shortfall based on the best failed Trading Interval**
- **Apply capacity shortfall from start of dispatch event until the start of the next dispatch event**

DSP – Other

Proposed Tranche 9 changes

DSP with only one load

- Require Market Participant to provide expected minimum consumption (4.10.1(f)(i)(2))

Standing Data

- Include the TNI in Standing Data (Appendix 1 clause f(vii))

Meter data submission

Changes to ensure that Market Participants can disagree with meter data changes affecting settlement

Background

- Western Power has notified Market Participants of the meter data issues where incorrect meter data might be submitted to AEMO overwriting correct meter data
- This can happen after the Settlement Disagreement Deadline
- As there is currently no mechanism in the ESM Rules to dispute incorrect meter data after the disagreement deadline
- EPWA developed a proposal to address this in consultation with AEMO
- The concept was discussed with the MAC
- The MAC supported the development of a rule change

Changes to ensure that Market Participants can disagree with meter data changes affecting settlement

Requirement of Western Power to notify when meter data is amended

The proposed Amending Rules ensure that Market Participants are made aware of changes made to meter data after the Settlement Statement for the Settlement Adjustment Date 2 is issued.

- A requirement is introduced for Western Power to notify a Market Participant (via email) if changes are made to meter data after the Settlement Adjustment Date 2 *[clause 8.4.3]*.
- In its notification, Western Power must outline the NMI, Trading Intervals, new quantity and previous quantity and reason for the adjustment *[clause 8.4.4]*.

SEO: These changes promote the long-term interests of customers through ensuring customers have the opportunity to disagree with meter data and pay or get paid the correct price for energy consumed or generated.

Changes to ensure that Market Participants can disagree with meter data changes affecting settlement

Introduction of additional meter data deadlines

To ensure that Market Participants have the opportunity to disagree with meter data, the following deadlines are introduced:

Pre Disagreement Interval Meter Deadline:

- Before this deadline, Western Power may update meter data. Noting that if this is after the second settlement adjustment, it must notify the Market Participant.
- This will allow ~2.5 weeks for a Market Participant to review their meter data ahead of the Disagreement Deadline.
- After this deadline, Western Power may only update meter data to resolve a meter data disagreement or dispute.

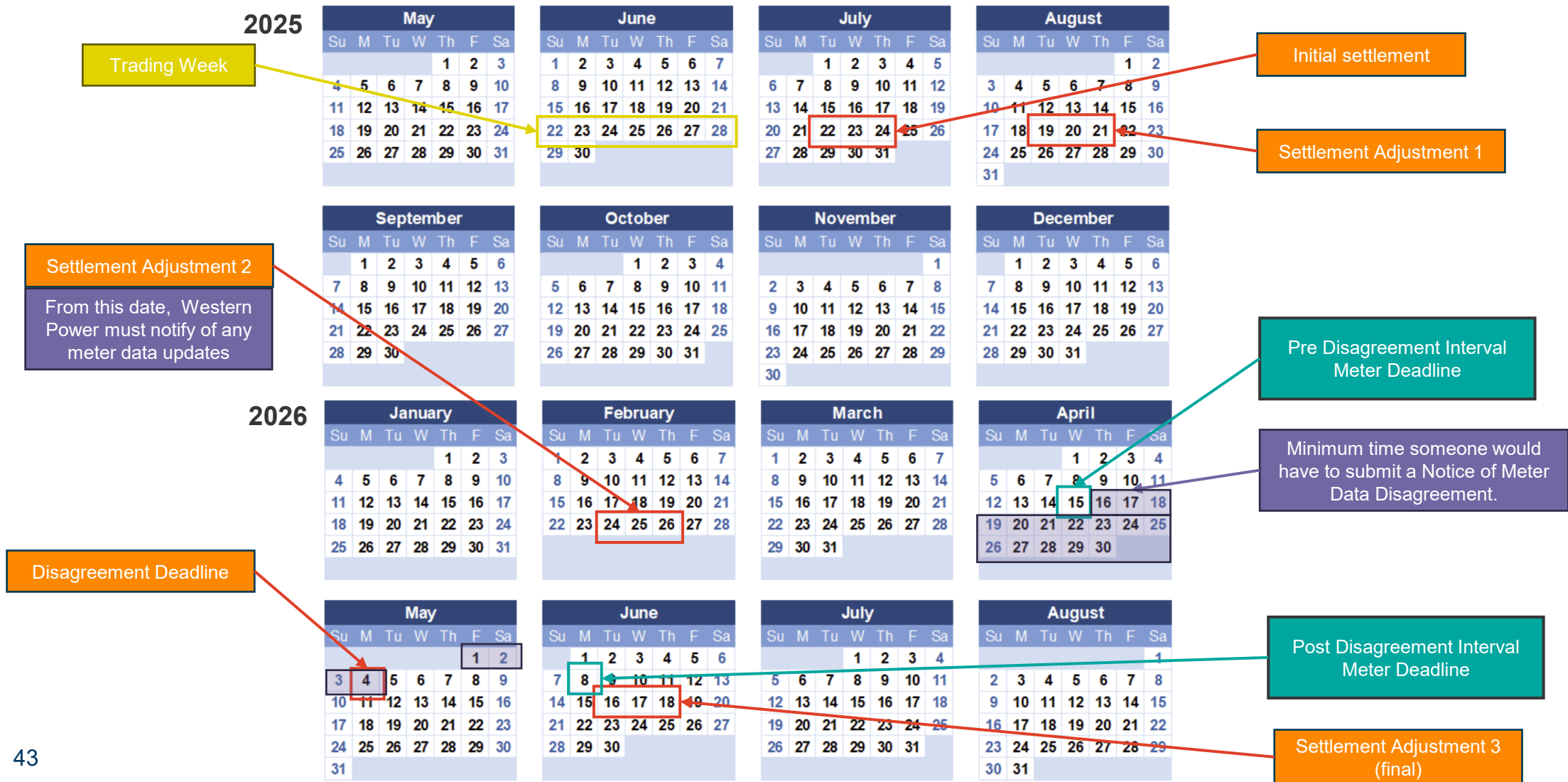
Post Disagreement Interval Meter Deadline:

- After this deadline, Western Power may not make any further changes to meter data.
- Any amendments to meter data required to resolve disagreements must be submitted to AEMO ahead of this deadline so it can be used for the final settlement adjustment.

As a precaution, clause 9.15.2A is introduced to ensure that AEMO doesn't use meter data submitted after these deadlines for settlement

Changes to ensure that Market Participants can disagree with meter data changes affecting settlement

Example timing of mechanism (TW 22 Jun 2025)



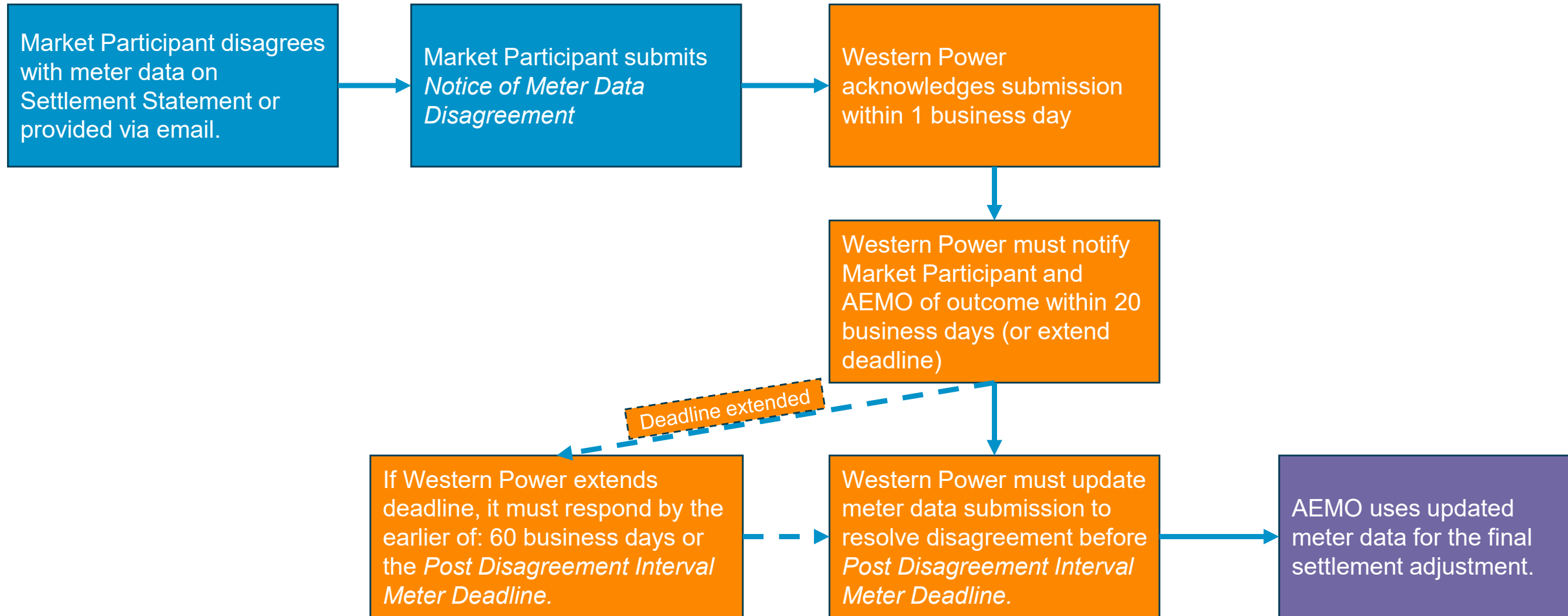
Changes to ensure that Market Participants can disagree with meter data changes affecting settlement

Introduction of meter data disagreement process (1)

- Section 9.16A is introduced to introduce a new framework for Rule Participants to disagree with meter data.
- A Rule Participant may submit a Notice of Meter Data Disagreement to Western Power regarding their meter data.
- This process replaces meter data disagreements submitted through Notices of Disagreement and will be actioned directly with Western Power instead of going through AEMO.
 - Meter data disagreements have been removed from the 'Notices of Disagreement' (section 9.16) and will be dealt with a new process, 'Notices of Meter Data Disagreement' (section 9.16A).

Changes to ensure that Market Participants can disagree with meter data changes affecting settlement

Introduction of meter data disagreement process (2)



IRCR

Appendix 5 – Peak Individual Reserve Capacity Requirement (IRCR) calculation

Commencement of Schedule 6 of RCM Reviews Sequencing Rules

Commencement of *Schedule 6 of the WEM Amendment (RCM Reviews Sequencing) Rules 2025* on 1 October 2027 which: :

- introduces the new method for calculating Peak IRCR; and
- removes the concept of a Non-Temperature Dependent Load as it is not used anymore.

Additional changes to this version of Appendix 5 are required (see next slides)

Appendix 5 – Peak Individual Reserve Capacity Requirement (IRCR) calculation

Additional changes to Appendix 5 in Tranche 9 (1)

Currently, the ability for injecting Non-Dispatchable Loads (NDLs) to offset consuming NDLs only applies NDLs in the Notional Wholesale Meter.

EPWA is proposing to extend the IRCR benefit of Injecting NDLs to all Market Participants through:

- Removal of the zero-floor applied to metered energy (formerly “metered consumption”) for Non-Dispatchable Loads (NDLs).

This means injecting NDLs would be able to offset the Withdrawal of other meters registered to the same Market Participant, reducing IRCR.

SEO: these changes are consistent with the SEO as these changes seek to promote efficient use of electricity during peak periods which may reduce electricity demand, reduce the price of electricity and increase reliability of supply.

Appendix 5 – Peak Individual Reserve Capacity Requirement (IRCR) calculation

Additional changes to Appendix 5 (2)

Other changes to the new Appendix 5:

- clarify rules for calculating metered energy in Peak IRCR Intervals [*clause 10 of Appendix 5*].
- reintroduced the following to the new Appendix 5:
 - adjustment for meters which that were in the Notional Wholesale Meter in the previous Hot Season but are now interval meters as these were removed in error from Appendix 5 [*step 1(c) of Appendix 5*]
 - account for meter transfers during a Trading Month [*step 1A of Appendix 5*]
- require AEMO to explicitly calculate and publish the adjustment factor (Total_Ratio) used to ensure the Peak IRCR values of Market Participants sum to the required value (i.e. the lesser of the total number of assigned Capacity Credits and the Reserve Capacity Requirement);
- other minor error corrections and clarifications

Distribution of Civil Penalty Amounts

Distribution of Civil Penalty Amounts

Current situation

ESM Rules provide little flexibility about how a Civil Penalty Amount is distributed

- 2.13.43A allows the ERA to distribute a specific amount to a person other than a Rule Participant
- fixed distribution method for any remainder (section 9.21, based on absolute values of Metered Schedules)
- inappropriate for some civil penalties

ESM Rules do not cover civil penalties imposed by the Electricity Review Board (ERB)

Distribution of Civil Penalty Amounts

Proposed Tranche 9 changes

Revised clauses 2.13.43, 2.13.43A and new clause 2.13.45(h)

- extend scope to include ERB civil penalties
- require the ERA to determine how to distribute the Civil Penalty Amount and provide AEMO with the necessary information
- set out matters the ERA must have regard to when determining how a Civil Penalty Amount should be distributed
- require the ERA to report on its determinations on Civil Penalty Amount distributions

Revised section 9.21

- allows for distributions to non-Rule Participants under the ESM Rules
- requires AEMO to distribute the Civil Penalty Amount asap in accordance with the ERA's instructions
- requires AEMO to pay interest on a Civil Penalty Amount as appropriate

Other related changes

- rationalise defined terms (replace “Financial Penalty” with “Civil Penalty Amount”)
- remove clause 9.14.2(k), because Civil Penalty Amounts are not distributed as part of the routine settlement process and are not included in Settlement Statements

Allow Non-Contestable Customers in Synergy's DSPs

Changes to facilitate the inclusion of non-contestable customers in Synergy Demand Side Programmes

Changes introduced to support participation of non-contestable loads in a DSP through Synergy:

- Synergy must provide evidence to AEMO at the load it applies to aggregate has an Interval Meter [*clause 2.29.5B(f)*]
 - This will assist AEMO in its decision to approve applications to associate the contestable loads to Synergy DSPs on the basis of whether the load is equipped with an Interval Meter, AEMO doesn't visibility of meters which are currently in the Notional Wholesale Meter (NWM).
- Synergy must notify Western Power if an application to associate a non-contestable load to a Synergy DSP has been approve and provide the NMI for the load [*clause 2.29.5HA*]

These changes complement upcoming changes EPWA expects to make to the Electricity Industry (Metering) Code 2012 (Metering Code) Code. These amendments would allow Western Power to reclassify the meters of non-contestable loads participating in a Synergy DSP as Interval Meters, so AEMO is able to receive and use the meter data.

SEO: this change promotes efficient investment in the WEM and promotes system reliability through facilitating participation of non-contestable customers in a DSP via Synergy.

Other Changes

Other changes

Proposed Tranche 9 changes

- section 2.34 – clarify the requirement for Rule Participants to provide AEMO with up-to-date contact details
- clause 4.11.1(c)(iv) - update to align with the policy intent
- clause 4.11.4 and new clause 4.11.4A - clarify how AEMO should assign a Capability Class to a Facility that comprises Facility Technology Types with different Capability Classes
- clause 7.4.52 - allow AEMO to use telemetered ramp rates in the Dispatch Algorithm in place of the ramp rates provided by Market Participants in Real-Time Market Submissions (consistent with current practice)
- replace the name “Benchmark Capacity Provider” with “Benchmark Technology”
- other minor error corrections and enhancements
- Introduce obligation to provide Facility Sub-Metering by 5 February (new clause 2.29.16) to ensure the best information is available for stakeholders to prepare their certification applications for Facilities subject to the Relevant Level Method