



Department of
**Energy and Economic
Diversification**

Electricity System and Market Rules for Distributed Energy Resources – Roles and Technical Requirements

Consultation Summary Paper

December 2025

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Glossary

Term	Definition
Act	<i>Electricity Industry Act 2004</i>
AEMO	Australian Energy Market Operator
BEGCTR	Basic Embedded Generation Connection Technical Requirements
DER	Distributed Energy Resources
DSO	Distribution System Operator
EPWA	Energy Policy WA
kVA	kilovolt-ampere
MWh	megawatt-hour
NCESS	Non-Co-optimised Essential System Services
Rules	Electricity System and Market Rules
SEO	State Electricity Objective
SWIS	South West Interconnected System
TPA	Third Party Aggregator
V	volt
WEM	Wholesale Electricity Market

Executive summary

The *Electricity Industry Amendment (Distributed Energy Resources) Act 2024* came into effect on 6 February 2025. This legislation amended the *Electricity Industry Act 2004* (the Act) and established the ability for the Electricity System and Market Rules (Rules) to regulate distribution connections and Distributed Energy Resources (DER). It also introduced a new, overarching State Electricity Objective (SEO).

On 24 October 2025, a draft of new Rules was released for consultation, with the intent of establishing an initial framework under the Act to integrate DER into the South West Interconnected System (SWIS). The changes were based on a long-established body of published policy positions and give effect to changes made to the Act. The objective of these Rules was to satisfy the SEO by promoting greater uptake of renewable generation and storage, while managing risks to SWIS stability at low cost.

This document provides a summary of submissions received and outlines how feedback was incorporated into the final amended Rules.

The proposed Rules

The draft Rules established the role of Western Power as the Distribution System Operator (DSO), with the sole function of producing a Wholesale Electricity Market (WEM) procedure relating to technical compliance. Electricity retailers with customers captured by the definition of a ‘Standard Small User Facility’ – i.e. installations with a maximum capacity of 30 kilovolt-amperes (kVA) DER installation or installations behind a connection with voltage less than 1000 volts (V) – will be responsible for ensuring these requirements are met.

The draft also required that procurement of aggregation services involving customers who consume less than 50 megawatt-hours (MWh) per year – i.e. ‘non-contestable customers’ – must only occur through Synergy. In response, Synergy was required to develop a Third Party Aggregator (TPA) framework outlining how it will facilitate access for third parties to contract with non-contestable customers and provide services under the Rules.

Consultation process

A public consultation process on the exposure draft was open from 24 October 2025 to 20 November 2025. Energy Policy WA (EPWA) received 14 written submissions. These expressed broad support with some raised concerns about implementation timeframes and the pre-existing policy position of Synergy being designated as ‘parent’ aggregator for non-contestable customers. An online consultation forum was also held by EPWA on 6 November 2025 for 112 attendees.

Commonly identified themes raised in stakeholder feedback related to proposed roles, responsibilities, and/or technical matters concerning: the DSO, the WEM Procedure, Synergy's 'parent' aggregator role, and the TPA Framework.

This paper provides further details on this feedback and outlines how feedback has been incorporated in the final amended Rules.

Next steps

The Rules now include implementation activities over the coming months with revised dates. The key dates are outlined below:

Date	Action
1 February 2026	Western Power must publish the WEM Procedure (takes effect 1 May 2026)
1 April 2026	Synergy must publish its TPA Framework (takes effect 1 July 2026)
1 May 2026	WEM Procedure comes into effect
1 July 2026	TPA Framework comes into effect Parent aggregator provisions commence (i.e. for services involving non-contestable customers) TPA Framework Model Contract is published

1. Introduction

The *Electricity Industry Amendment (Distributed Energy Resources) Act 2024* came into effect on 6 February 2025. This legislation amended the *Electricity Industry Act 2004* (the Act) and establishes the ability for the Electricity System and Market Rules (Rules) to regulate distribution connections and Distributed Energy Resources (DER). It also introduced a new, overarching State Electricity Objective (SEO). This requires decisionmakers under the Act to promote the long-term interests of electricity consumers while having regard to price, reliability, and the environment.

On 24 October 2025, a draft of new Rules was released for consultation, with the intent of establishing an initial framework under the Act to integrate DER into the South West Interconnected System (SWIS). The changes were based on a long-established body of policy positions (including those settled through the *DER Roadmap and DER Orchestration: Roles and Responsibilities*) and gives effect to recent changes made to the Act. The objective of these Rules is to satisfy the SEO by promoting greater uptake of DER, while managing risks to SWIS stability at low cost.

This document provides a summary of submissions received and outlines how feedback was incorporated into the final amended Rules.

The proposed Rules

The draft Rules established Western Power as the Distribution System Operator (DSO), with the sole function of producing a Wholesale Electricity Market (WEM) procedure relating to technical compliance. In time, the DSO will facilitate more active operation of the electricity distribution system, underpinned by improved visibility of electricity flows and opportunities for more dynamic management of network assets. However, any future DSO functions will be established through a stakeholder consultation process for new Rules.

The WEM Procedure would introduce new requirements of DER in the SWIS. Electricity retailers with customers captured by the definition of a ‘Standard Small User Facility’ – i.e. installations with a maximum capacity of 30 kilovolt-amperes (kVA) DER installation or installations behind a connection with voltage less than 1000 volts (V) – would be responsible for ensuring these requirements are met.

The draft also required that procurement of aggregation services involving customers who consume less than 50 megawatt-hours (MWh) per year – i.e. ‘non-contestable customers’ – must only occur through Synergy. In other words, any aggregators that wish to provide services to the Network Operator (Western Power) or to the market through the Australian Energy Market Operator (AEMO) using non-contestable DER will be required to form agreements with Synergy.

In response, Synergy was required to develop a Third Party Aggregator (TPA) framework outlining how it will facilitate access for third parties to contract with non-contestable customers and provide services under the Rules. The Rules require Synergy to develop this framework in consultation with TPAs. Synergy is required to abide by the TPA Framework when engaging with TPAs and making submissions to provide aggregation services.

2. Consultation summary

A public consultation on the exposure draft was open from 24 October 2025 to 20 November 2025. Energy Policy WA (EPWA) received 14 written submissions. An online consultation forum was also held by EPWA on 6 November 2025 for 112 attendees. This included an open question and answer session.

EPWA thanks all stakeholders for their considered contributions during the consultation process.

Written submissions were broadly supportive of the designation of Western Power as DSO and the introduction of a new WEM Procedure. Many submissions had additional questions about Synergy's designation as parent aggregator for non-contestable customers, and the establishment of the TPA Framework.

Issues raised in submissions have been grouped into themes and key areas of feedback below and accompanied by responses.

2.1. Distribution System Operator

Stakeholders were broadly understanding of the need for a DSO, while noting potential future costs of expanded functions.

No additional functions will be assigned to the DSO, aside from the narrow function assigned in the current tranche of Rules, without consultation and consideration of needs beyond Western Power's existing network operation functions.

One stakeholder asked whether the DSO would have control to operate DER within electrical installations.

The Rules will not give the DSO the power to operate DER within an electrical installation. The DSO will only be responsible for publishing the WEM Procedure. There will be no change to Western Power's current network operator functions.

2.2. WEM Procedure

Several submissions asked for more clarification on the definition of a Standard Small User Facility.

A Standard Small User Facility is a type of Facility that is connected to the Distribution Network with a connection voltage less than 1000 V, and an **aggregate** DER capacity of 30 kVA or less. Existing DER customers will not be captured by this definition until they install new DER at the site or make alterations to their existing DER installations from **1 May 2026 onwards**.

The 30 kVA limit is the **aggregate** of all DER installed within the site. This allows for a range of different DER configurations within a Standard Small User Facility.

Section 3.25.1 has been amended to provide greater clarity to Rule Participants.

Several submissions and questions at the forum sought clarification on how these new arrangements would affect embedded networks, embedded network operators, and customers located within and supplied by an embedded network.

Customers within embedded networks and embedded network operators are not expected to be captured by the WEM Procedure or TPA Framework.

The WEM Procedure only applies to a Standard Small User Facility, which is considered a type of Non-Dispatchable Load for the purposes of the Rules. In accordance with 2.29.1B(c) of the Rules, a Non-Dispatchable Load is defined at the Measurement Point. The Measurement Point refers to ‘the point at which the Network Operator (Western Power) measures injection and withdrawal’ at that facility. As such, the definition of a Standard Small User Facility considers the **aggregate** DER capacity behind that measurement point, in conjunction with the connection voltage.

Synergy’s TPA Framework only applies in relation to connections that fall under the non-contestability threshold of 50 MWh per year.

Separately, EPWA is progressing the Alternative Electricity Services Framework to regulate new and emerging energy supply arrangements. Embedded networks and behind-the-meter solar arrangements (known as on-site power supply arrangements) are the first priorities for the framework.

One submission asked about the possible impacts of these Rules on the existing electrical safety regime.

The Rules do not make any changes that should impact the existing electrical safety regime, including that established under the *Electricity Act 1945*.

One stakeholder sought clarification on whether the WEM Procedure referred to in clause 3.25.2 will include standards currently provided under section 3.6 of Western Power’s Technical Rules. They noted that if the Technical Rules were not amended before the commencement of these amending Rules, it is not clear whether the WEM Procedure or Technical Rules would prevail in the event of any inconsistency.

The amendments made to the Act will facilitate the consolidation of a range of instruments (including Western Power’s Technical Rules made under the Electricity Networks Access Code 2004) within the Rules. Work is underway, including through EPWA’s Power System Security and Reliability Review, to review and transition relevant provisions into the Rules.

In the interim, it is expected that Western Power will make exemptions for sites that otherwise comply with the requirements of the WEM Procedure. To this end, section 1.2.2 of [Western Power’s Procedure Change Proposal](#), which was published 25 November 2025, addresses this issue through the following provision:

- 1.2.2. *Aggregate rated Inverter Energy System (IES) capacity exceeding 10kVA and up to 30kVA may be exempt from the requirements of Section 3.6 of*

the Technical Rules, and instead have the requirements of Section 3.7 of the Technical Rules apply. Exemptions are made in accordance with 1.9.1 of the Technical Rules and are subject to approval, refer to Western Power website for more information.

As a result, if a Standard Small User Facility meets the requirements of the WEM Procedure, they may be made exempt from the Technical Rules requirements. Future amendments to the Technical Rules or the Rules are intended to resolve any future inconsistencies.

Stakeholders suggested they needed more time to understand the requirements outlined in the WEM Procedure. They asked for a ‘grace period’ to allow installers and retailers to better understand their obligations before compliance is enforced.

The publication and commencement dates for the WEM Procedure have been amended based on stakeholder feedback.

The WEM Procedure will still be required to be published on **1 February 2026** but will commence from **1 May 2026**. This is intended to provide a ‘grace period’ for affected stakeholders to understand their obligations before the new requirements take effect.

Additionally, a new clause has been introduced which nullifies the self-reporting requirements for breaches of Western Power’s WEM Procedure for Standard Small User Facilities. Market Participants are not required to report their non-compliance with this WEM Procedure until **1 May 2027**.

2.3. Synergy's 'parent' aggregator role

Several stakeholders questioned the role of assigning Synergy as the parent aggregator of non-contestable DER. They stated that they believed this model would reduce genuine choice and flexibility for customers, undermining efforts to develop a competitive and innovative market for aggregation services.

The decision to assign Synergy as the parent aggregator for the SWIS is consistent with the State Government's existing policy on electricity retail contestability. This position was first settled through the [DER Orchestration Roles and Responsibilities Information Paper](#) published in March 2022. The Government currently has no plans to make the retailing of electricity for residential customers contestable.

As the Market Participant representing all non-contestable customers (i.e. those that consume less than 50 MWh per year), Synergy is responsible for how these customers interact with the power system. For example, as an electricity retailer, Synergy is responsible for ensuring its customers meet the contractual and technical requirements prescribed as a condition of connecting to the Western Power network. As such, Synergy's involvement in the contracting of aggregation services is an extension of the existing contracting model used in the SWIS. This ensures Synergy has oversight over how customers it is responsible for are interacting with the power system.

Regarding the reduction in choice and the associated impacts on a competitive aggregation market, it is intended that the presence of Synergy as the parent aggregator does **not** preclude non-contestable customers from entering agreements with third parties to provide aggregation services. Customers will retain the right to choose who operates their DER and the terms on which they do. Retaining this choice is intended to support development of a greater range of product offerings for customers and put downward pressure on costs. However, third-party providers will need to develop business models that are complementary to the Rules.

To support the development of a third-party aggregation services market, the Rules include a requirement for Synergy to develop a TPA Framework, to provide transparency and ensure that Synergy does not stand in the way of TPAs accessing revenue streams for aggregation services.

No change to the proposed Rules was made in response to this feedback on the basis that the Rules give effect to an established policy position and is assessed as meeting the SEO.

Several stakeholders raised the possibility of a conflicting arrangement with Synergy in its role as an aggregator within a competitive aggregation market, and its role as parent aggregator for the SWIS.

As the Market Participant representing all non-contestable customers in the SWIS, Synergy's involvement as parent aggregator ensures that it has oversight of the potential risks to which it may be exposed through the aggregation of these customers' DER.

As an aggregator itself, this structure ensures that Synergy has the capability to provide aggregation services for customers in which TPAs are not interested, or that are left without any aggregator following a decision by their TPA to exit the market. Synergy will continue to hold a default responsibility for non-contestable DER customers in the absence of a TPA.

In addition, this structure reduces the barriers for TPAs who wish to enter the SWIS aggregation market. Direct contracting with Synergy allows TPAs to 'piggy-back' off Synergy's existing registration as Market Participant – avoiding significant regulatory burdens for these providers.

Synergy's conduct in the aggregation market will continue to be subject to the *Competition and Consumer Act 2010 (Cth)*.

Government will remain alert to effectiveness of these Rules in supporting the long-term interests of consumers, and open to providing further clarity or amendments in future Rules should they be required.

2.4. TPA Framework

One stakeholder sought clarification on the following sub-clause of the exposure draft:

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

- (d) the criteria Synergy will use to assess: (...)
- ii. options for Synergy to provide services using its own internal resources.'

The stakeholder asked whether this sub-clause is intended to allow for Synergy to contract with itself, thereby foregoing the use of Third Party Aggregators.

The inclusion of this requirement for the TPA Framework is twofold.

First, it is intended to provide transparency for TPAs on how Synergy will assess the value of TPA services against what it can provide to itself. This transparency is intended to assist TPAs to develop offers that result in lower cost alternatives.

Second, it allows Synergy to have internal arrangements for service delivery, such as the deployment of resources under its control to reduce its Individual Reserve Capacity Requirement.

Several stakeholders suggested that Government should not have a role in regulating behind-the-meter interoperability for DER.

The Rules do not specifically prescribe interoperability standards. The Rules and the WEM Procedure refer to generation and export limits, and specific minimum functionality for remote disconnection.

However, minimum requirements for behind-the-meter interoperability are under consideration. While these Rules do not propose any specific communications method or standard, Government has outlined its intention to adopt the Common Smart Inverter Profile – Australia (CSIP-Aus) for DER through the [Statement on Interoperability of Distributed Energy Resources](#) (May 2025).

Interoperability ensures DER customers can engage freely with a variety of TPAs. This is intended to better meet the SEO. Without a common communications standard, customer choice and flexibility may be constrained through decisions made by original equipment manufacturers.

In addition, EPWA notes calls from industry bodies in recent years seeking national harmonisation on interoperability standards, with reference to CSIP-Aus. Future work on interoperability will contemplate additional clarity in the Rules.

Stakeholders noted the need for adequate consultation on the TPA Framework prior to publications.

The intent of the TPA Framework was to provide transparent, timely, and appropriate information for TPAs. To ensure adequate consultation can occur, the Rules will include revised dates by which Synergy must publish the TPA Framework.

Publication of the TPA Framework must now be published by **1 April 2026** and will come into effect **1 July 2026**. The parent aggregator provisions related to treatment of Non-Co-optimised Essential System Services (NCESS) and supplementary capacity submissions involving non-contestable customers will also come into effect **1 July 2026**. This coincides with the commencement of the TPA Framework.

Additionally, section 2.3C.5 (e), which requires that the TPA Framework include a model contract,¹ has been removed and replaced with new sections 2.34C.8, 2.34C.9, 2.34C.10, and 2.34C.11.

¹ The model contract was originally referred to as the 'standard form contract' in the draft exposure draft, published 24 October 2025.

These sections have been inserted to provide further structure in support of robust public consultation on the TPA Framework. This intends to balance the additional time with additional transparency and engagement with TPAs and the Coordinator.

Synergy is still required to develop a model contract for engaging with TPAs. But the linkage between this instrument and the TPA Framework has been removed. This will avoid binding parties to the provisions of the model contract, providing greater flexibility to both Synergy and TPAs in their contract negotiations.

The publication date of the model contract will coincide with the 1 July 2026 commencement date for the TPA Framework and the ‘parent’ aggregator provisions.

3. Next steps

EPWA thanks all stakeholders for their considered contributions to the consultation process.

The amendments to the ESM Rules were approved as part of the Tranche 9 package. Most provisions will commence on 1 January 2026.

EPWA is planning to hold an industry forum in early 2026 to explain how the Rules may impact industry stakeholders.

Key dates for implementation of the Rules are as follows:

Date	Action
1 February 2026	Western Power must publish the WEM Procedure (takes effect 1 May 2026)
1 April 2026	Synergy must publish its TPA Framework (takes effect 1 July 2026)
1 May 2026	WEM Procedure comes into effect
1 July 2026	TPA Framework comes into effect Parent aggregator provisions commence (i.e. for services involving non-contestable customers) TPA Framework Model Contract is published