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Energy Policy WA  
Level 1, 66 Saint Georges Terrace  
Perth, WA, 6000

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

Dear EPWA Team,

Starling Energy Group Pty Ltd (SEG) welcomes the opportunity to provide feedback on the Electricity System and Market Rules for Distributed Energy Resources – Roles and Technical Requirements Consultation Paper.

SEG provides integrated energy asset management services. SEG is committed to changing the future of the energy industry by switching to cleaner, greener energy solutions.

We believe a managed energy distribution grid is the future for the industry and it will become our major infrastructure asset, which is why we offer full lifecycle asset management. SEG oversees everything – from hardware and software to provider negotiations and customer service.

SEG are the creators of the Plico Project, the largest managed residential DER resource in the SWIS. In total, SEG has over 3,500 residential solar and battery systems under management.

SEG has a deep interest in the proposed amendments. SEG offers its concise views on this in the context of what has been achieved so far in the DER space in WA as well as the extensive learnings from those achievements.

SEG would welcome direct communication with EPWA on our responses and any other matter relating to DERs.

Regards,

George Martin  
Chief Technology Officer  
Starling Energy Group Pty Ltd

## 1. Context of response to Consultation Paper

SEG has been active in DER in WA prior to the publication of the DER Roadmap. SEG, over the years, has observed the evolution of the various DER rules nationwide since 2019. This ranges from demos, trials, pilots and the enshrining of various DER regulations across Australia. It is SEG's view that the proposed rules enshrining Synergy's position as the Parent Aggregator for non-contestable customers in the SWIS (Policy Position) is not, in SEG's assessment, the approach most likely to deliver cost efficient, innovative or consumer-focused market and industry outcomes.

Since December 2022, SEG has contracted for the following services:

- SRC 22/23 – 2MW/4MWh
- NCESS Minimum Demand Oct 2023 to Sept 2024 – 4MW/16MWh
- SRC 23/24 – 1.5MW/3MWh
- SC 24/25 – 8MW/16MWh
- NSS Southern River – Variable MW
- NCESS Peak Demand Dec 2025 to Sept 2027 – 7MW/28MWh

Three of the above services were contracted using the 'Parent Aggregator' model. This was a business decision by Plico to engage in such a manner, in good faith, with Synergy to better understand how to operationalise EPWA's Policy Position.

### **Learnings from engaging Synergy as the 'Parent Aggregator'**

#### **1. Information Asymmetry and Reduced Transparency**

- When Synergy is further empowered as a Parent Aggregator, it has access to all pricing and operational data from third-party aggregators (TPAs), while those aggregators lack reciprocal visibility. This creates information asymmetry, undermining fair competition and making it difficult for other market participants to operate efficiently or negotiate on equal terms.

#### **2. Operational Inefficiencies**

- The model introduces additional and unnecessary layers of communication and contract management. For example, when Parent Aggregator holds the head contract, TPAs (like SEG) are not directly involved in critical communications with AEMO or the DNSP, leading to delays, misunderstandings, and financial losses (e.g., forfeited availability payments due to lag in data transfers and lack of direct engagement).
- The need to pass operational instructions through Synergy rather than directly from AEMO or the DNSP to the aggregator complicates dispatch and real-time operations, increasing the risk of errors and slower response times.

#### **3. Data Sharing Constraints**

- Synergy has cited privacy constraints as a reason for not sharing essential operational data (such as feeder and substation NMIs) with SEG, even when the Metering Code would allow sharing under 'reasonable need'. This hampers the ability of aggregators to recruit and deliver services effectively, impacting system reliability and service delivery.

#### **4. Contracting and Activation Misalignment**

- There have been instances where contracts did not align activation periods between the Head Contract and subcontracts, requiring ad-hoc adjustments and good faith agreements. This lack of alignment introduces operational risk and uncertainty for service providers.

#### **5. Increased System-Wide Overheads**

- Channelling all VPP services through a Parent Aggregator adds cost and complexity for aggregators and ultimately for consumers, without delivering commensurate value. The additional regulatory and administrative burden is disproportionate to any benefits and increases system-wide overheads.

#### **6. Conflict of Interest**

- The Parent Aggregator competes with TPAs in some areas but also controls their access to certain services, creating an inherent conflict of interest. This can distort market outcomes and reduce competitive tension, which is critical for innovation and efficiency.

#### **7. Global Best Practice and Market Structure**

- There is no evidence from other jurisdictions that VPP aggregators are required to contract through a monopoly retailer for off-market services such as NCESS or SC. In the NEM, aggregators can contract directly for services such as RERT, NSS, or FCAS, and regulatory processes are underway to further enable direct wholesale market access. The Policy Position is unique and unsupported by global best practice.

#### **8. Innovation Constraints**

- The Parent Aggregator model has constrained innovation, increased costs, and contributed to inefficiencies that mirror broader national productivity challenges. Direct contracting supports more efficient market outcomes, fosters innovation and lowers cost.

#### **9. Application of VPP credits on bills**

- The Parent Aggregator model introduced the opportunity for SEG and Synergy to discuss how best to provide VPP credits to customers with the customer's electricity bill being the most natural and simple way to apply. SEG notes this billing arrangement is something that does not require a Parent Aggregator model but can be enabled via regular commercial arrangement. This has been a positive learning.

Based on SEG's practical experience delivering three VPP contracts with Synergy and three directly with AEMO, SEG's assessment is that appointing Synergy as the Parent Aggregator and establishing a TPA Framework would not produce efficient or effective market outcomes and may be inconsistent with the State Electricity Objective. SEG acknowledges that this Policy Position has existed for some time; however, longevity alone does not indicate that a policy is sound or remains fit-for-purpose.

SEG's position is grounded not in bias, but in several years of operational experience working directly with Synergy under this policy construct. In light of those experiences and learnings, SEG considers the following points material to emphasise:

- **Expanding the functional scope of a monopoly retailer can have unintended impacts on competitive tension and efficiency, and regulators typically exercise caution when considering such arrangements.** Further consolidating Synergy's central role risks entrenching market dominance and constraining competitive tension.

- **A Parent Aggregator model increases system-wide overheads without delivering commensurate value.**

Requiring all VPP services to be channelled through Synergy adds cost and complexity for aggregators and ultimately for consumers, which is inconsistent with the State Electricity Objective.

- **SEG has demonstrated that VPP services can be delivered effectively without an intermediary.**

Direct contracting reduces both cost and operational complexity, supporting more efficient market outcomes.

- **SEG is not aware of any jurisdiction where VPP aggregators are required to contract through a monopoly retailer for off-market services.**

This approach appears unique and unsupported by global best practice.

- **A Third-Party Aggregator Framework would impose additional regulatory and administrative burden to address a problem that need not exist.**

The framework's complexity would be disproportionate to any benefits. The TPA Framework is regulation intended to prevent unintended consequences of a new regulation- that Parent Aggregator model - that fundamentally isn't required for the provision of most VPP services.

- **When the policy was originally contemplated in 2020, there was limited operational evidence available.**

Experience since then—across Synergy, AEMO, Western Power and SEG—demonstrates that a Parent Aggregator function is not required for an effective, innovative or scalable VPP market.

Finally, SEG recognises that as a Government Trading Enterprise, Synergy must be *perceived* as acting appropriately. However, policy should be grounded in demonstrable outcomes and market performance rather than perceptions. In SEG's assessment, based on multiple years of operational experience under this Policy Position, the Parent Aggregator model does not appear to advance the State Electricity Objective, particularly with respect to reliability, cost or long-term customer value.

## 2. SEG's response to Proposed Amendment 5: Synergy the parent aggregator

Clause	Summary of drafting	SEG Response
3.11B.7(iB)	An NCESS submission form must include whether the NCESS involves a non-contestable customer.	No concerns from SEG.
3.11B.8A	Synergy is the only Market Participant or service provider that may make an NCESS Submission that involves a non-contestable customer.	SEG does not support this clause for reasons outlined above.

3.11B.10	When determining which NCESS submissions to select, AEMO or Western Power must exclude NCESS Submissions from applicants other than Synergy that propose to involve a non-contestable customer.	SEG does not support this clause for reasons outlined above.
4.24.7	AEMO must require Supplementary Capacity tender forms to provide whether the service involves a non-contestable customer.	No concerns from SEG.
4.24.8.(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.	SEG does not support this clause for reasons outlined above.

As outlined in the previous section, SEG does not support the policy of designating Synergy as the Parent Aggregator. Acknowledging there is a high likelihood of EPWA proceeding with the Policy Position nonetheless, SEG would caution against a 'big bang' approach of rolling everything out in April 2026. Short of abolishing the policy altogether, and instead, further augmenting the powers of an unnatural monopoly, SEG would consider the following staggered approach more suitable:

Action	Timing
Designate Synergy as the Parent Aggregator for non-contestable customer aggregation for DSP or any other facility class that bids into the RCM.	April 2026
Maintain current avenues for aggregators of non-contestable customers to bid for NCESS and SC. There are off-market mechanisms.	Current
Create a TPA framework for the Parent Aggregator to engage with TPAs for DSP or other on-market.	Prior to the deadline for the next capacity cycle.
Conduct a formal review into the effectiveness or otherwise of the TPA framework.	Dec 2026
Pending review outcome, consider extending TPA Framework to NCESS and SC.	Post Dec 2026

The above timeline seeks to stagger the implementation of the Policy Position, providing Synergy and the TPAs space for formal learnings capture and review. During this phase, AEMO and Western Power would not be impeded from engaging directly with other Service Providers that aggregate non-contestable customers.

SEG's learnings over the last few years, which SEG has gained by trying to operate in the spirit of the Policy Position clearly demonstrates it is counterproductive for EPWA to implement these rules changes in the manner and timing proposed – or at all. SEG also notes that the Consultation Paper does not contemplate a review into the effectiveness of the augmentation of the incumbent monopoly with the Parent Aggregator role.

## Recommendations

### 1. Avoid Mandating a Parent Aggregator Model

- Do not require all VPP and DER services for non-contestable customers to be channelled exclusively through a monopoly retailer. This model introduces information asymmetry, operational inefficiencies, and increased system-wide overheads without delivering commensurate value.

### 2. Enable Direct Contracting for Aggregators

- Allow TPAs to contract directly with AEMO and Western Power for off-market services (e.g., NCESS, SC). Direct contracting supports more efficient market outcomes, fosters innovation, and reduces costs and complexity.

### 3. Increase Transparency and Data Sharing

- Ensure that operational data (such as feeder and substation NMIs) is shared with aggregators under reasonable need, as permitted by the Metering Code. This will improve service reliability and delivery.

### 4. Stagger Implementation and Review Effectiveness

- If the policy proceeds, implement changes in a staged manner, allowing time for formal learnings capture and review. Conduct a formal review into the effectiveness of the TPA framework before extending it further.

### 5. Adopt Global Best Practices

- Benchmark against other jurisdictions where VPP aggregators contract directly for services, rather than through a monopoly retailer. Avoid regulatory complexity that is unsupported by global best practice.

## 3. SEG's response to Smart Solar Requirements

SEG has no concerns with the majority of the proposals for Smart Solar. SEG would like to highlight its deep concern regarding upgrading existing solar systems such as by adding a home battery or bigger inverter. SEG does not support the requirement to add a mandatory gateway if a customer wishes to keep their existing non-CSIP-AUS compatible solar inverter. This requirement currently exists today but only if claiming the WA Residential Battery Rebate Scheme. SEG rejects this proposal due to the following reasons:

- Additional cost to customers for purchasing and installing gateway.

- Gateway replaces existing OEM smart meter, to which an aggregator such as SEG is integrated into and receives telemetry and asset management data from. SEG will incur additional cost to integrate into the available gateways listed on the SSL.
- Even with integration, the data from the Gateway is only telemetry and not asset management data required for the asset management of a vast fleet of DERs.
- It is unclear where installer liability starts or ends if modifying existing solar systems by removing existing ‘non-compliant’ smart meter and replacing with a Gateway. EPWA needs to provide clear direction on this important point to industry before mandating such a requirement.

## Conclusion

Based on several years of operational experience and direct engagement with Synergy under the proposed policy construct, SEG’s assessment is that the Parent Aggregator model does not deliver efficient, innovative, or consumer-focused market outcomes. The model introduces technical and operational challenges, increases costs, and constrains competitive tension and innovation. There is no evidence from other jurisdictions to support this approach, and global best practice favours direct contracting and open market access.

While acknowledging the likelihood of EPWA proceeding with the policy, SEG strongly recommends a staggered implementation with formal review mechanisms. Policy should be grounded in demonstrable outcomes and market performance, not perceptions or legacy arrangements. Ultimately, the goal should be to advance the State Electricity Objective—delivering reliability, cost efficiency, and long-term customer value—through transparent, competitive, and innovative market structures.

SEG supports most Smart Solar proposals but strongly opposes mandating a gateway for customers upgrading existing systems with non-CSIP-AUS inverters. This adds unnecessary cost, disrupts existing integrations, and limits essential asset management data. Additionally, installer liability remains unclear, requiring EPWA to provide guidance before enforcing such requirements.