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# **Submission from the WA Expert Consumer Panel on the Electricity System and Market Rules for Distributed Energy Resources - Roles and Technical Requirements Consultation Paper**

Thank you for the opportunity for members of the WA Expert Consumer Panel (ECP) [Anne Hill, Chris Alexander, Kathryn Thorburn, Luke Skinner, Noel Schubert, Rosh Ireland] to make a submission on the above consultation paper.

As a panel supported by the State Government's Western Australian Advocacy for Consumers of Energy (WA ACE) program, we are tasked with advocating for changes that improve consumer outcomes in the energy sector. We represent energy consumers on the Market Advisory Committee (MAC) and its working groups, and in other consultation processes relevant to small-use consumers of energy in Western Australia.

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## **Introductory comments and key points**

### **ECP members support the changes outlined in the consultation paper.**

As ECP members it is our role to represent the same small-use consumers who will own the DER infrastructure that is the target of these proposed changes. As such we recognise the critical need to find a balance between keeping costs low for all consumers by making the most of behind-the-meter DER for the good of everybody, while maintaining value and autonomy over DER for those who own them.

There is an inherent tension between the interests of consumers who own DER and consumers who don't or are unable to, often for reasons beyond their own control. It is our responsibility as consumer representatives to advocate for both.

A household or small business with DER has a financial interest in maximising the savings and financial returns they can achieve either from well managed self consumption or export to the grid. For these consumers there is an inherent interest in 'oversizing' their systems during install to maximise exports for financial gain and shorten the investment payback period. Additionally, these consumers have an interest in maintaining power for their own home should their grid connection fail for whatever reason (eg, a local grid power outage). This is especially important during extremes of heat or cold when people are most reliant on electricity for heating or cooling, and in areas experiencing frequent outages.

For households or businesses without DER, their interests lay in ensuring DER is well coordinated to reduce the overall cost of electricity for all. It's in the interest of these consumers to see DER used more broadly to shave peak demand, avoid minimum-demand events and provide other low-cost grid services.

For all consumer segments there is an interest in ensuring DER is well managed to maximise the use of renewable energy, especially rooftop solar, to reduce emissions both at home and across the SWIS.

It is in this context that we make the below submission.

In short:

- We welcome the defining of a formal Distribution System Operator role for Western Power.
- We welcome the defining of roles in relation to compliance and operation of small user DER.
- We strongly support the intent to enable third party aggregation of small user DER.
- While we understand it is necessary for Synergy to be the 'Parent Aggregator', we have concerns about unintended consequences for competition, innovation and/or consumer choice. We hope Synergy will be pro-active in leading the development of this
- We support the Technical Requirements but note that rules can only do so much. How they are interpreted and the culture of dominant market player/s will fundamentally impact the success or otherwise of VPPs being effectively used to manage the SWIS

More detail is provided below.

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## Comments on Consultation Paper

### Distribution System Operator

ECP members acknowledge the long process of regulatory and legislative change to get to this point and welcome the naming of Western Power as Distribution System Operator for each of its Distribution Networks.

It makes sense to start small by giving the DSO a single function in this initial tranche of rule changes - "setting of the technical requirements for small-scale DER through publication of a WEM Procedure". However, we look forward to participating in future consultations around additional functions of the DSO as it is developed and codified through future tranches of rules and regulations.

### DSO to create a WEM Procedure / Scope of WEM Procedure

There is confusion created by a difference in language being used in the actual proposed amendments and the descriptive text of the consultation paper. In the descriptive text there is consistent reference to "Inverter Energy Systems" that each have a "**maximum capacity of less than 30kVA**", however the rule change refers to a "**maximum capacity of 30 kVA**". Future communication should be clear to reference "**a maximum capacity of 30kVA**" to be consistent with the actual text of the proposed amendment.

Otherwise the proposed amendment is supported.

### Technical Requirements permitted in WEM Procedure

The proposed Technical Requirements are supported.

Some questions remain about how the “Injection Limit” of 1.5kW (or higher as determined by DSO) will be managed and enforced ‘in practice’.

It is important that the impact on DER owners of this limit ‘in practice’ is clearly explained in non-technical terms for consumers. How well this is understood will influence decisions about investment in private solar infrastructure and signing up for a VPP.

## Aggregation of non-contestable customers

It is understood that the WA retail monopoly model for small-use (non-contestable) customers operates under a linear contracting arrangement, which currently constrains third party aggregation options in this market segment. As a result, a variety of DER retail product offerings that are available to small-use customers in the NEM have no equivalent here in WA.

ECP members acknowledge and welcome the Parent Aggregator model as an attempt to enable consumer choice for participation in VPPs within the non-contestable market framework. However, we have some concerns about the impact of appointing a Parent Aggregator for a new product market, in which the Parent Aggregator is also the largest competitor (Synergy, in this case).

The chief concern is an inherent opportunity for anti-competitive behaviour. It is possible for decisions made by the Parent Aggregator to negatively impact the viability or perceived viability of any given third-party product offering that seeks to come to market. In their role as Parent Aggregator, Synergy must be prevented from imposing any unnecessary conditions that act as a disincentive to market entry, stifle or delay product innovation, or constrain the ability of TPAs to offer products that are genuinely competitive with Synergy’s own. It is currently unclear how this risk will be managed.

**Synergy as the monopoly retailer naturally has significant market power in this new market. It is in the best interests of consumers that Synergy is a proactive and supportive partner in developing the market for third-party aggregation of consumer DER.**

Smaller TPAs may be able to offer products to non-contestable customers that are more attractive than Synergy’s own products, by tailoring them to local conditions and customers. As Parent Aggregator Synergy should be supportive and enabling toward this kind of competition.

There could also be benefits to VPP products which include both contestable and non-contestable customers, for example in community-scale VPPs in regional communities. Under the proposed arrangement; it is not possible to offer this as a singular VPP product. An aggregator would need to manage two VPPs: one for the contestable customers under conditions suited to the participants and a second for non-contestable customers under conditions agreed with Synergy. This could impact the viability of such offerings to the detriment of regional consumers. To manage this issue, it may be beneficial to establish a mechanism through which identified groups of non-contestable customers in regional communities can opt-in to becoming ‘contestable’ customers for the purpose of joining a community VPP, under certain circumstances.

### **A significant positive.**

There are also significant potential benefits from having Synergy as the ‘face’ of DER aggregation with small-use consumers, particularly because - despite some clear failings - Synergy is a generally well trusted brand when it comes to delivering safe and reliable electricity to consumers.

Any VPP with Synergy as the Parent Aggregator will benefit from that generally positive, pre-existing customer relationship and this may help to prevent some of the trust-related VPP hesitancy experienced

in the NEM. Synergy should be incentivised to play a positive role in ensuring fair marketing opportunities for all product offerings for which they are the Parent Aggregator.

Unfortunately, there is already a significant amount of public confusion around Synergy's existing VPP offering. Many consumers considering joining the VPP are unsure whether or not they are able maintain control over their own DER assets, especially exports, on days when it is not called to respond to VPP directions. Consumers have reported both installers and Synergy's own customer service representatives providing incorrect information, suggesting that joining Synergy's VPP offer means giving up control of your battery 365 days of the year.

It is imperative that communication about DER and VPP offerings are clear, concise and that arrangements are transparent and easy to understand. Clear, consistent communication builds trust and confidence for consumers who are considering installing DER. For customers who choose not to join a VPP, it is important that Synergy proactively offers and promotes other products/incentives (like the Midday Saver time-of-use tariff), to encourage these customers to manage their electricity demand to provide benefits to customers and the system, in parallel with promotion of VPP participation.

**Comment on Amendment 5:** The proposed amendments are supported, with the below exception:

Clause 4.24.8 appears to be missing some words in the Summary of drafting. It currently says "When determining which Supplementary Capacity submission to select, AEMO submissions from applicants other than Synergy that propose to involve a non-contestable customer."

It should read something like: " AEMO must not accept submissions from applicants other than ..."

## Third Party Aggregator Framework

Establishing a Third Party Aggregator Framework is critical. It is absolutely critical that the Framework is enabling and does not disadvantage non-Synergy aggregators who are seeking to provide non-contestable consumers with choice around aggregation services.

**Comment on Amendment 6:** The proposed amendments are supported. No further comment.

## Consultation with industry

**Comment on Amendment 7:** The proposed amendments are supported. No further comment.

## Specifications in the TPA Framework

**Comment on Amendment 8:** The proposed amendments are supported. No further comment.

## Compliance with the TPA Framework

While Synergy will be "required" to act consistently with the Framework, there is no obvious mechanism proposed for monitoring, review or enforcement of this requirement. We are of the opinion that a mechanism should be in place through which TPAs or consumers can raise concerns if they believe Synergy has taken an action that is not consistent with the Framework.

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# Consultation questions via 6 November forum

## TPA Framework Questions for consultation

### **Does the commencement date of 1 February 2026 provide enough time for appropriate consultation on Synergy's TPA Framework?**

*The consultation period does feel compressed given the proximity to the holiday period, however we understand the urgency behind needing to get this framework in place. However, we support taking the time necessary for proper consultation with industry stakeholders to ensure the content of the Standard Form Contract is workable, effective and in-line with industry expectations from its first day.*

### **Is a Standard Form Contract considered beneficial by stakeholders? And do you foresee any issues with its delayed introduction?**

*ECP members expect that a Standard Form Contract would be beneficial, and it is our view that what goes into the Standard Form Contract is important.*

*An inflexible, one-size-fits-all option may constrain innovation unless the provisions are restricted to the objectively essential minimum technical requirements for maintaining the safety, security and reliability of the system. On the other hand, a bare-bones Standard Form Contract which each TPA can seek to modify to suit their proposed product, brings the potential for abuse of market power if Synergy can dictate what the TPA can and can't offer its customers.*

*We have some concerns about the period of time between 1 February and the commencement of Synergy's Standard Form Contract. For example, how will TPAs sign up customers if they can't take into account what is in the Standard Form Contract?*

### **Do stakeholders have views on the initially light touch approach to Synergy's role in aggregation of non-contestable customer DER?**

We support a light-touch approach to Synergy's role in aggregation. However, ECP members urge that appropriate regulatory safeguards against abuse of market power by Synergy are in place. This may include:

- periodic independent review of the Synergy's Standard Form Contract/s to ensure it promotes competition and does not disadvantage other third party aggregators in favour of Synergy; and
- a mechanism, other than the ACCC, to investigate complaints about anti-competitive behaviour by Synergy with respect to third party aggregators.

In effect, we want to ensure that Synergy is both incentivised and able to be held accountable for bringing new DER aggregation products - both their own and those of third parties - to market in an equitable, timely and transparent manner.

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Thank you for considering this submission, and please do not hesitate to contact us to discuss it further.

Sincerely,

WA Expert Consumer Panel

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