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Policy WA

Coordinator of Energy Determination

SWIS Network Support 2026-2029

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1. This Determination

The Coordinator of Energy (Coordinator) has determined, under clause 3.11A.4 of the Electricity System and Market (ESM) Rules, to trigger a Non-Co-optimised Essential System Services (NCESS) procurement process by Western Power for Network Support Services (NSS) to resolve capacity constraints on up to twenty three distribution feeders across seven metropolitan and regional locations in Western Australia (WA). The services will commence in December 2026 and run for three years, operating each summer period from 1 December to 31 March.

An NSS, procured through the NCESS process, is a contracted service provided to the network operator by a generator, retailer, Distributed Energy Resource (DER) aggregator or customers to help manage or solve local network constraints.

The timing of the proposed services commencement will be refined through the NCESS procurement process, including through input from potential service providers in the Expressions of Interest stage of the process.

In accordance with clause 3.11A.8 of the ESM Rules, the Coordinator is publishing this determination to outline the reasons for triggering the NCESS procurement process on this occasion.

2. Background to the Determination

2.1 The NCESS Framework

The primary objective of the NCESS framework is to enable AEMO, a Network Operator or the Coordinator to identify and justify the need for services, not already available through existing market mechanisms, and procure those services in a transparent and efficient manner.

More specifically, the NCESS framework is intended to:

- enable the procurement of new services to respond to unforeseen events or changes in the power system that may threaten system security;
- create appropriate incentives for non-network services to be procured to meet power system security and reliability requirements in a more economically efficient manner when compared to network augmentation;
- enable maintenance of power system security and reliability at the lowest efficient cost to consumers; and
- ensure the rapidly evolving power system continues to meet emerging technical requirements, and power system security and reliability standards.

Under the NCESS framework, AEMO and the Network Operator may identify the need for NCESS through system planning processes and, if certain conditions are met, must submit a request to the Coordinator to trigger the NCESS procurement process under the ESM Rules.

The ESM Rules outline the process by which each of the entities must seek to trigger the NCESS procurement process and the factors the Coordinator must consider in assessing a submission by AEMO or a Network Operator.

3. Western Power Submission

3.1 Submission Process

The Coordinator received a submission from Western Power on 5 January 2026, requesting that the Coordinator triggers the NCESS procurement process for NSS on twenty three distribution

feeders within the South West Interconnected System (SWIS) across seven metropolitan Perth and regional locations in WA.

- The Coordinator requested further information from Western Power, under clause 3.11A.5(a) of the ESM Rules. Western Power's final submission was received on 14 January 2026.

Under clause 3.11A.2 of the ESM Rules, AEMO or a Network Operator must make a submission to the Coordinator to determine whether to trigger an NCESS procurement process if it reasonably considers that one or more of the following events has occurred or applies:

- if the forecasted or actual magnitude and frequency of Energy Uplift Payments in the WEM increases to an uneconomic level (assuming locational and situational market power is being controlled under the relevant processes), this indicates a locational constraint in the network and a case may be made to procure locational services to relieve the network constraint;
- the forecasted or actual number of AEMO Intervention Events to relieve non-frequency control constraints such as loss of reactive power or System Strength indicates a network security problem, and a case could be made to procure a locational security NCESS;
- the Transmission System Plan prepared under section 4.5B, or the Network Opportunity Map, identifies that a suitable non-network investment option may meet network adequacy requirements to help maintain SWIS Power System Security and Power System Reliability standards;
- a need to establish a non-network solution has been identified, arising at any time during a network planning cycle, and not previously identified through the standard planning processes;
- a modification to an existing Power System Security or Power System Reliability standard or the introduction of a new Power System Security or Power System Reliability standard within a network planning cycle may trigger the need to procure a NCESS; or
- AEMO considers, in the course of its normal power system operations, that a significant threat to Power System Security or Power System Reliability exists or is emerging, and the existing mechanisms under these ESM Rules may not be sufficient to address the threat.

An NCESS submission must contain sufficient information and analysis regarding the potential or actual impact on Power System Security, Power System Reliability or costs for each trigger event that is specified in the submission to enable the Coordinator to consider the factors outlined in clause 3.11A.7 (clause 3.11A.3.3(c)).

The next section provides a summary of the issues raised in Western Power NCESS submission. A more detailed version of Western Power submission is available [here](#) on the Coordinator's website.

3.2 Western Power Submission in brief

Western Power has identified seven locations on the distribution network where capacity constraints may be addressed through orchestrated DER, demand side management or other solutions as an alternative to major augmentation or new network facilities investment.

Western Power is seeking to procure services to resolve capacity constraints on twenty three distribution feeders across seven metropolitan and regional locations in WA. The proposed feeders were selected based on Western Power's assessment of the underlying need, technical requirement, and the likelihood of a viable non-network solution.

The trigger submission summarises Western Power's assessment of why a non-network solution may be the most suitable and cost-effective option to improve the network capacity in these distribution network locations.

Western Power consulted with Energy Policy WA and AEMO, as required by section 3.2 of the NCESS Guideline (published in accordance with clause 3.11A.2A of the ESM Rules) and clause

3.11A.5(b) of the ESM Rules. Outcomes from this engagement were addressed in Western Power's submission, as appropriate.

3.2.1 Services sought

The identified distribution feeders are expected to exceed the planning limits,¹ elevating the risk of customer outage due to capacity constraints above an acceptable level. This overloading is a direct result of the rapid increase in peak demand across the SWIS, which is forecast to continue. Failure to address the forecasted high levels utilisation of network capacity will lead to an increased risk of customer outages.

Western Power seeks to procure NSS for up to twenty three feeders across seven metropolitan and regional locations within its distribution network to improve the network capacity. Specifically:

- the required service is the capability to decrease Withdrawal or increase Injection at each connection point at times of high demand on the network.

The proposed services are required during the 2026-27, 2027-28 and 2028-29 summer periods (from 1 December 2026 to 31 March 2029). The contract term would commence in December 2026 and have a three-year duration.

The quantity of service will be set at the forecasted shortfalls of network capacity, as listed in Table 1 below.

Table 1: Active power requirements

Distribution feeder	Substation Location	Requirement (MW)		
		2026/27	2027/28	2028/29
A503	Westminster	0.2	0.3	0.3
A506	Westminster	1.1	1.3	1.5
A514	Westminster	1.0	1.2	1.4
APM504	Bibra Lake	1.3	2.6	3.9
APM511F	Bibra Lake	1.1	2.1	3.2
COL307	Como	0.9	1.1	1.26
COL 317	Como	0.4	0.4	0.5
COL327	Como	1.0	1.2	1.4
COL339	Como	0.6	1.1	1.7
G504	Gosnells	0.8	1.7	2.5
G506	Gosnells	1.0	2.1	3.1
G514	Gosnells	0.8	1.5	2.3
G515	Gosnells	0.8	0.9	1.1
JTE302R	East Perth	1.0	2.0	3.0
JTE315F	East Perth	0.6	1.2	1.8
JTE321F	East Perth	0.6	0.7	0.8
JTE323F	East Perth	0.7	0.8	0.9

JTE330F	East Perth	0.5	1.1	1.6
OC505	O'Connor	1.2	2.3	3.5
OC508	O'Connor	0.9	1.1	1.3
OC517	O'Connor	0.7	1.3	2.0
BSN540	Busselton	0.5	1.1	1.6
BSN557	Busselton	1.2	2.5	3.7
Total		18.9 MW	31.5 MW	44.4 MW

Each service will need to be available on any day during the activation period and will be called on as a priority to any other services contracted.

The proposed service will be divided into two activation windows:

- services on sixteen feeders can be activated between the hours of 4:00PM and 9:00PM AWST;
- due to the presence of commercial loads, services on seven feeders can be activated between the hours of:
 - 8:00AM and 6:00PM;
 - 11:00AM and 8:00PM;
 - 11:00AM and 9:00PM; and
 - 12:00PM and 9:00PM.

The contracted service will be called upon no more than 20 times within each summer period with a minimum duration of one hour and a maximum duration of four hours for all feeders.

Multiple providers for a single service will be considered.

Through the Expressions of Interest step of the NCESS procurement process Western Power will seek:

- to gain industry feedback on any benefits associated with a different contract duration or a change to the commencement date; and
- visibility of any other contracted services.

4. Coordinator's Assessment

In accordance with clause 3.11A.7 of the ESM Rules, the Coordinator is required to take several factors into account when assessing Western Power's submission and determining whether to trigger the NCESS procurement process.

This section provides a summary of the Coordinator's assessment of these factors, which has relied heavily on the analysis provided in Western Power submission.

4.1 Where the issues relate to Power System Security or Power System Reliability, the extent to which an NCESS will address these issues (clause 3.11A.7(a))

The Coordinator has determined that, a non-network solution in the locations identified by Western Power may be the most suitable and cost-effective option to resolve capacity constraints on the twenty three identified distribution feeders in the short to medium term.

Western Power maintains its transmission and distribution networks to ensure reliable supply to the community over the near-term summer peaks. Many distribution feeders are now expected to

exceed the planning limits set in line with the established planning rules, elevating the risk of a customer outage due to capacity constraints above an acceptable level.

This expected overloading is a direct result of a rapid increase in peak demand across the SWIS that is set to continue over the planning horizon to Financial Year 2033.

The Coordinator agrees that, without procuring NSS via the NCESS procurement process, there is a material risk that a failure to address the high levels of network utilisation will lead to an increased risk of customer outages as well as non-compliance with the current Technical Rules under the Access Code.

4.1.1 The issue the NCESS is aiming to address

Following the 2021-22 summer heatwave, Western Power has accelerated its short-term capital investment on the distribution network to manage feeder overutilisation and maintain supply reliability.

Western Power is required to seek the most prudent and efficient solution to resolve any network risks or constraints. As a result, Western Power is assessing a range of non-network and network options, including whether these options can meet the scale and timing of identified capacity shortfalls.

Western Power also recognises the medium to longer term need to support the emerging NSS market in a way that enables the vision of unlocking DER capability and value in the SWIS through Western Power's role as the Distribution System Operator (DSO).

The importance of unlocking DER capabilities in mitigating network capacity risks is a high priority as these capabilities may:

- offer more cost-effective alternate solutions;
- buy time for longer lead time network investment, lowering network outage risks; and
- complement network investments, reducing their scale and cost.

Western Power seeks to provide the market with opportunities for NSS to support gradual market development in delivering viable non-network solutions. These activities form part of the DER Roadmap core actions (Action 24c).

Western Power has identified suitable locations on the distribution network where capacity constraints may be addressed through orchestrated DER and Demand Side Management solutions as an alternative option to major augmentation or new network facilities investment.

4.1.2 Extent to which NCESS will address this issue

A NSS could alleviate distribution level peak electricity demand or reverse power flows and/or local voltage issues identified by Western Power at a cost that is less than traditional augmentation such as investment in larger transformers, more 'poles and wires' or otherwise expanding network capacity.

The twenty three distribution feeders were selected based on Western Power's assessment of the underlying need, technical requirements and the likelihood of a viable non-network solution.

The Coordinator agrees that this NCESS procurement process has the potential to enable services to be provided to improve the network capacity in twenty three distribution network locations across metropolitan and regional locations in WA, and deliver network benefits for the market and electricity consumers.

4.2 The extent to which an NCESS will minimise costs in the WEM (clause 3.11A.7(b))

The Coordinator considers that procuring the NSS via the NCESS framework is a cost-efficient alternative option to major augmentation or new network facilities investment in the short to medium term.

The Coordinator considers that Western Power must apply appropriate mitigation measures to minimise the cost of this procurement. In particular, consideration must be given to the requirements in the Service Specification to ensure that a range of providers and technologies can compete for the services.

Contracts should be structured in a manner that ensures availability and delivery of the service without exceeding the value of the service to consumers.

At the request of Western Power, the Coordinator has redacted commercially sensitive information from the analysis in accordance with clause 3.11A.8.

4.3 The relative merits between procuring an NCESS or augmenting the network (clause 3.11A.7(c))

Based on its assessment, Western Power considered that a non-network solution in the twenty three identified locations may be the most suitable and cost-effective option in the short to medium term, including:

- a non-network solution that aggregates behind the meter DER to create capacity.
- a non-network solution from a large use customer by reducing behind the meter load.

Western Power's financial analysis of a non-network solution versus a network build has been redacted in the publication of this determination.

The Coordinator agrees that market-based services are the most suitable option to enhance reliability and security of supply to the metropolitan and regional communities in WA over the near-term summer peaks.

4.4 Whether it is suspected that there is a potential exercise of market power (clause 3.11A.7(d))

The Coordinator is not aware of any market power aspects relating to the identified trigger.

4.5 Whether the procurement of an NCESS is consistent with the State Electricity Objective (clause 3.11A.7(e))

The State Electricity Objective was recently updated to keep pace with the rapidly transitioning power system and to adapt it to the integration of new technologies while having regard to the environment, including electricity sector emissions.

The State Electricity Objective, under section 3A of the *Electricity Industry Act 2004* is to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity in relation to:

- a) the quality, safety, security and reliability of supply of electricity;
- b) the price of electricity; and
- c) the environment, including reducing greenhouse gas emissions.

The Coordinator considers that the proposed NCESS procurement, as a mitigation of the risks identified in the Western Power submission, is consistent with the State Electricity Objective in relation to:

The quality, safety, security and reliability of supply of electricity

The Coordinator considers that the issues the proposed NCESS procurement process is aimed at addressing relate to Power System Security and Power System Reliability, and services procured via the NCESS process have the potential to adequately address the issues.

The price of electricity

The Coordinator considers that the two-stage NCESS procurement process in the ESM Rules has been developed to encourage maximum competition and ensure the cost of the procured services is as efficient as possible. This can have a significant influence on costs, thus minimising the long-term cost of electricity supply to customers in the SWIS.

The Coordinator considers that the proposed procurement of NCESS has the potential to minimise the long-term cost of electricity services to customers in the SWIS, as follows:

- In accordance with clause 3.11B.10, Western Power must select one or more NCESS offers which meet the NCESS Service Specification and will result in the highest value for money for providing the NCESS;
- In accordance with clause 3.11B.11, Western Power must, when assessing whether an NCESS offer will deliver value for money, conduct cost-benefit analysis or other assessments to demonstrate how it will maximise value for money; and
- In accordance with clause 3.11B.12, Western Power may decide to not select any NCESS offers if it considers that none of the NCESS Submissions represent value for money.

The environment, including reducing greenhouse gas emissions

In accordance with clause 3.11B.1, Western Power must prepare a draft NCESS Service Specification.

The Coordinator considers that, to meet the State Electricity Objective, a service specification can (and should) be developed by Western Power such that the service can be delivered by a range of technologies, including sustainable energy options and technologies such as those that make use of renewable resources or that reduce overall greenhouse gas emissions.

In accordance with clause 3.11B.3A, Western Power must develop and publish an Expressions of Interest form, setting out the details prospective service providers must provide, which must include whether the facility or equipment, that may be able to provide the service, can “fully or partially” meet the draft NCESS Service Specification. This would allow a range of technologies to compete for the services.

4.6 Whether procurement of an NCESS will be in the long-term interests of consumers (clause 3.11A.7(f))

The Coordinator considers that a non-network solution in the twenty three locations identified in Western Power’s submission may be the most suitable and cost-effective option to improve the network capacity in the short to medium term to ensure reliable and secure supply as required by the minimum reliability standards.

As noted in section 4.2, Western Power must continue to consider mitigation measures to minimise the cost of the proposed NCESS procurement. It must also ensure that the NCESS procurement process and the Service Specification include measures to deliver the lowest cost to consumers, as discussed in section 4.5.

5. Determination Summary

On the basis of the assessment in this determination, the Coordinator considers that an NCESS procurement for the NSS by Western Power is the most suitable and cost-effective option to ensure reliable supply across the SWIS over the near-term summer peaks as required by the minimum reliability standards.

Western Power's submission included analysis to demonstrate that the expected high levels of utilisation in the twenty three identified locations will lead to increased risk of customer outages as well as non-compliance with the current Technical Rules under the Access Code.

The Coordinator is satisfied that the trigger conditions in section 3.11A of the ESM Rules have been met and that an NCESS procurement process should be conducted by Western Power in accordance with section 3.11B of the ESM Rules.

The Coordinator expects that Western Power will take into account the matters regarding the NCESS procurement process addressed in section 4 of this determination.

6. Next Steps - NCESS Procurement Process

Based on the information in Western Power submission, the Coordinator has determined that Western Power is the procuring party for this NCESS and will be responsible for paying for the services once the commercial terms are determined.

Western Power must prepare a draft NCESS Service Specification for the services in accordance with clause 3.11B.5 of the ESM Rules, and must consult with the Coordinator and AEMO in the preparation of this draft specification.

Within 20 Business Days of the publication of this determination, unless otherwise agreed with the Coordinator, Western Power must advertise a call for Expressions of Interest on its website and on at least one major tender portal.

Respondents must be given at least 20 Business Days to respond to the Expressions of Interest call, from the time it is published.

This first step of the process will enable Western Power to determine what suitable service providers exist and what solutions they can provide to meet fully or partially the requirements. Suitability may depend on several factors such as the type of technology, operational limitations, etc. If suitable providers are not found, the service specification may need to be modified.

If the NCESS procurement is to proceed based on the Expressions of Interest received, Western Power will issue a call for NCESS submissions and publish a final service specification.

Any existing or new facility or equipment whether belonging to registered or intending market participants is able to participate in an NCESS procurement. New providers that did not participate in the Expressions of Interest step can also apply.

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