



Department of  
Energy and Economic  
Diversification

# Transformation Design and Operation Working Group Meeting 58 - Tranche 10 Exposure Draft

17 June 2026

# Acknowledgement of Country

The Government of Western Australia acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community.

We pay our respects to all members of the Aboriginal and Torres Strait Islander communities and their cultures, and to Elders past and present.

# Agenda

## For discussion today

**Item 1:** Directions to use nominated Liquid Fuel in LOR conditions

**Item 2:** Changes to section 7.12 (Market Suspension Compensation)

**Item 3:** Calculation of Energy Uplift Payments for market suspension periods

**Item 4:** DPV and Load Shake-off Review

**Item 5:** Other Tranche 10 amendments

**Item 6:** Next Steps

# Directions to use nominated Liquid Fuel in LOR conditions

Item 1

# Directions to use nominated Liquid Fuel in LOR conditions

## Background

On 25 August 2025, AEMO issued multiple directions and implemented intervention constraints to secure sufficient generation capacity for the evening peak demand period in response to gas transport limitations.

AEMO's analysis of this event, and of other high gas-demand days during 2025, found that requiring dual-fuel Registered Facilities that are certified on diesel but normally operate on gas to switch to diesel would significantly reduce the risk of maximum hourly gas peaking quantities exceeding pipeline limits.



# Directions to use nominated Liquid Fuel in LOR conditions

## **Proposed changes**

New clause 7.7.5A enables AEMO to direct a Market Participant to operate a Registered Facility using the Liquid Fuel nominated in accordance with its Certification of Reserve Capacity if a Low Reserve Condition Declaration has been issued.

Clause 7.7.14 is amended to require AEMO to document, in a WEM Procedure, the processes it will use to determine which Registered Facility may be directed under new clause 7.7.5A.

This will promote transparency and provide Market Participants with greater clarity regarding how AEMO will exercise this power.



# Changes to section 7.12 (Market Suspension Compensation)

Item 2:



# Section 7.12

Section 7.12 covers the ERA's determination of Market Participant Excesses and Market Participant Deficits when AEMO suspends the Real-Time Market under clause 7.11D.1(c):

“when AEMO determines, in its reasonable opinion, that actions undertaken to maintain Power System Security and Power System Reliability are significantly impacting market settlement in accordance with the provisions of these ESM Rules due to:

- failure of its IT systems;
- loss of communications or control systems required to maintain Power System Security; or
- any other reason as identified in the WEM Procedure published under clause 7.11D.4.”


- **Market Participant Excess:** Market Participant was paid too much
  - **Market Participant Deficit:** Market Participant was not paid enough
- 

# Section 7.12 – Current Rules

## **Market Participant Excess:**

1. ERA required to assess the ‘net settlement amounts’ received by each Market Participant during a suspension period against the ERA’s best estimate of the variable costs incurred by the Market Participant that relate only to those net settlement amounts.
2. The ERA may notify AEMO of a ‘Market Participant Excess Amount’ for a Market Participant if it determines the Market Participant’s net settlement amounts exceeded its variable costs.
3. AEMO recovers the Market Participant Excess Amount from the Market Participant and distributes it back to the market in under section 9.11A.

## **Market Participant Deficit:**

1. A Market Participant may apply to the ERA if the Market Participant considers any net settlement amounts it received during the suspension period are lower than the net settlement amounts the Market Participant would have received if the Real-Time Market was not suspended.
  2. If the ERA agrees it must determine whether any of the Market Participant’s net settlement amounts are lower than the ERA’s best estimate of its variable costs (a “Market Participant Deficit”).
  3. If the ERA determines a Market Participant Deficit, it must notify AEMO.
  4. AEMO recovers the Market Participant Deficit Amount from the market and pays it to the Market Participant under section 9.11A.
- 

## Section 7.12 – Issues and proposed amendments (1)

Issue	Proposed amendment
'Net settlement amount' not defined	Include explicit definitions of the amounts to be compared (i.e. the Deemed Real-Time Payment and the Deemed Real-Time Cost) (7.12.1, 7.12.1A, 7.12.1B)
Assessment criteria do not account for inframarginal rent	<ul style="list-style-type: none"><li>• Take market suspension final Market Clearing Prices as a given (not feasible to revisit Market Clearing Prices)</li><li>• Payment at Market Clearing Price not 'excess'</li><li>• Limit Market Participant Excess Amounts to total Energy Uplift Payments for the suspension period (new clause 7.12.2A)</li></ul>
ERA required to assess net settlement amounts and costs of every Market Participant after a Real-Time Market suspension under clause 7.11D.1(c) – expensive and unnecessary	Only required if the ERA considers that a Market Participant has received a material and irregular level of Energy Uplift Payments over the suspension period (7.12.1C)

## Section 7.12 – Issues and proposed amendments (2)

Issue	Proposed amendment
Rules do not cover the ERA finding a Market Participant Excess when checking for a Market Participant Deficit	Require the ERA to follow the same process when it determines a Market Participant Excess regardless of the trigger for the determination
Rules do not specify the basis for the ERA's comparisons, e.g. for each Trading Interval individually or for the suspension period as a whole	Require the assessment to be carried out over the suspension period as a whole
Rules unclear about how MP Excess Amounts and MP Deficit Amounts are to be allocated across the Trading Intervals in the suspension period	Clarify allocation rules: <ul style="list-style-type: none"><li>• MP Excess Amounts: allocated to each Trading Interval in accordance with the proportion of the Total Energy Uplift Payment received in that Trading Interval (so that Market Participants receive a share reflective of their contributions to the original Energy Uplift Payments)</li><li>• MP Deficit Amounts: Allocated as evenly as possible across the Trading Intervals in the suspension period</li></ul>

# Calculation of Energy Uplift Payments for market suspension periods

Item 3:

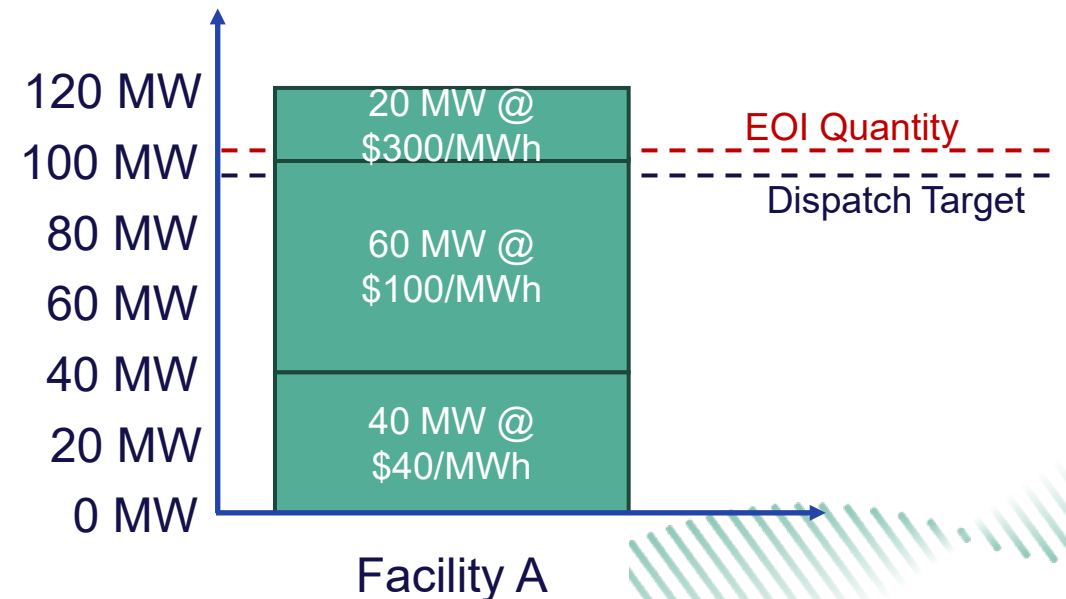
# Calculation of Energy Uplift Payments for market suspension periods

## Background

- When the Real-Time Market is suspended, AEMO uses a Facility's EOI Quantity MW value instead of its Dispatch Target to calculate the Marginal Offer Price (MOP). The MOP is then used to calculate Energy Uplift Payments.
- EOI Quantities were used because AEMO had limited capacity to record details of manual Dispatch Instructions when the new market commenced.
- However, this can lead to Facilities receiving unwarranted Energy Uplift Payments if they stray above their actual Dispatch Target.

## Example

- AEMO issues a manual Dispatch Target to Facility A for 95 MW.
- Normal fluctuations in output result in Facility A having an EOI Quantity of 103 MW in a Dispatch Interval.
- AEMO uses the EOI Quantity to calculate the MOP.
- Facility A will receive Energy Uplift Payments based on MOP of \$300/MWh, although it was dispatched based on a MOP of \$100/MWh.



# Calculation of Energy Uplift Payments for market suspension periods

## Proposed amendment:

Amend clause 9.9.10 to always use the actual quantity dispatched (the real Dispatch Target) when calculating  $\text{MarginalOfferPrice}(f,DI)$  values.




# DPV and Load Shake-Off Review

Item 4:


# DPV and Load Shake-Off Review

## Background

- Voltage and frequency disturbances during network faults can lead to the disconnection of DPV and electrical loads (DPV and load shake-off).
  - AEMO needs to account for this when determining FCESS requirements.
  - The impact of DPV Shake-off is expected to reduce over time with the introduction of updated inverter standards, however the current impact on Contingency Reserve Raise requirements is material.
  - DEED, AEMO and Western Power agree that regular review of the impact of DPV and load shake-off on Contingency Events and the methods AEMO uses to account for their impact is warranted.
- 

# DPV and Load Shake-Off Review

## Proposed amendments:

- New section 3.8B requires Western Power to conduct a review at least once every 2 years
  - The review will develop/refine methods for estimating DPV and load shake-off that can be used by AEMO when determining
    - Largest Credible Supply Contingencies and Largest Credible Load Contingencies
    - FCESS requirements
  - The reviews will be in consultation with AEMO and include public consultation on a draft report
  - AEMO will use the methods developed by Western Power to account for the impacts of DPV and load shake-off when determining FCESS requirements
  - AEMO has the option to vary the methods but must publish its reasons for doing so on the WEM Website
- 

# Other Tranche 10 amendments

Item 5:



# Other Tranche 10 amendments

## **Reserve Capacity Mechanism:**

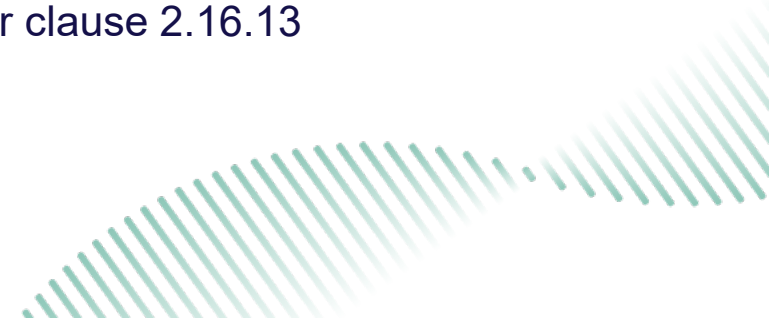
- extend existing exemption for Flexible Capacity obligations for the 2025 Reserve Capacity Cycle to future Reserve Capacity Cycles in which the Flexible Reserve Capacity Price is less than or equal to the Peak Reserve Capacity Price
  - correct errors and clarify calculation details in Appendix 10 (Relevant Demand Determination)
  - ensure correct settlement outcomes where the Separately Certified Components of a Scheduled Facility or Semi-Scheduled Facility have different capacity prices
  - bring forward the implementation of daily capacity prices from 1 October 2027 to 1 October 2026
  - prevent the aggregation of Facilities that contain Electric Storage Resources with different Peak Electric Storage Resource Obligation Durations
  - correct errors in the calculation of available capacity in clause 4.26.1(e), which can cause the available capacity to be overstated when Scheduled Facilities or Semi-Scheduled Facilities are Withdrawing in a Trading Interval, or when a Demand Side Programme fails to meet its dispatch target
- 

# Other Tranche 10 amendments

## **Settlement enhancements:**

- reorder the options for determining a replacement Market Schedule for a missing or Affected Dispatch Interval, so that AEMO can use the preferred option (a re-run of the Dispatch Algorithm with corrected inputs) if the necessary data is available
- allow AEMO to override inappropriate Energy Uplift Payments and RCS Uplift Payments arising from missing or manifestly incorrect Constraint Equations in the Dispatch Algorithm
- replace the settlement calculations that allocate costs to Market Participants according to their share of total Injection and/or Withdrawal with alternative calculations in Trading Intervals with very low or zero total Injection

## **Miscellaneous:**

- reduce the minimum notice period for a return to normal operations after a Real-Time Market suspension from two hours to one hour
  - amend the timeline for the first independent audit of the rule change process under clause 2.16.13
- 

# Next Steps

## Consultation

Consultation on the [Tranche 10 Exposure Draft](#) is open now and **closes at 5:00pm (AWST) on 24 June 2025.**

- Submissions should be sent to [energymarkets@deed.wa.gov.au](mailto:energymarkets@deed.wa.gov.au).
- Late submissions may not be considered.
- Any submissions received will be published on the DEED website unless otherwise requested.

## Following Consultation

- Stakeholder feedback will inform the drafting of the final Amending Rules.
- The Final Amending Rules will be submitted to the Minister for Energy for approval.

### Consultation open now

Consultation closes at 5:00pm on 24 June 2025.



Department of  
**Energy and Economic  
Diversification**

# Thank-you