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Submitted via email to: energymarkets@deed.wa.gov.au

Dear Dora

Western Power Response to Exposure Draft of Electricity System and Market Amending Rules – Tranche 10

Western Power welcomes the opportunity to provide feedback on the proposed reforms in the Electricity System and Market Rules (**ESMR**) Tranche 10 Exposure Draft.

Western Power **broadly supports the direction of the proposed reforms**. In Western Power's view, the proposed amendments are generally consistent with the State Electricity Objective, including by supporting the security, reliability, transparency and efficiency of the South West Interconnected System (SWIS). As the SWIS continues to evolve, market and operational outcomes are increasingly influenced by distributed PV, load response, demand-side participation, contingency behaviour and abnormal operating conditions. From Western Power's perspective as Network Operator, reforms that improve how the market framework responds to those conditions are both necessary and appropriate.

The most material reform for Western Power is new **section 3.8B**, which would establish an ongoing obligation on Western Power to review and develop or refine the method used to estimate the impacts of DPV Shake-Off and Load Shake-Off on contingency events and on the determination of Frequency Co-optimised Essential System Service (FCESS) requirements.

Western Power **supports the policy intent of section 3.8B** and notes that the proposed framework has already been informed by substantial consultation between Western Power, DEED and AEMO. Western Power understands section 3.8B as requiring review and refinement of the applicable **single event-based methodology** using available records of previous contingency events and related analysis. Western Power does **not** interpret section 3.8B as requiring review or publication of multiple alternative methods unless future work demonstrates that a materially different approach is warranted. On the current state of work, Western Power expects that the obligation would be met through refinement and publication of a **single applicable event-based method**.

However, Western Power **does not consider that the proposed requirement to publish the first final report by 1 February 2027 is practicable**. The first review would not simply involve preparing a report. It would require Western Power to establish the necessary governance, technical methodology, data and modelling arrangements, assurance processes and consultation pathway for a new recurring Rules obligation, and then complete the review itself.

Western Power notes that clause 3.8B.1(a) requires publication of the **final report** by that date. Read together with clauses 3.8B.2 to 3.8B.5, this means that the following must all occur within that period:

- establishment of the review process, governance arrangements and delivery model;
- technical analysis and modelling using available records of previous contingency events;
- development or refinement of the applicable method;
- internal and external governance and assurance;
- consultation with AEMO;
- publication of a draft report;
- a public consultation process of at least 20 Business Days;
- consideration of submissions; and
- finalisation and publication of the final report.

Western Power **considers that 30 June 2027 is the earliest achievable delivery date** while maintaining the level of quality, rigour and consultation the market should reasonably expect. Western Power therefore requests that section 3.8B.1(a) be amended so that the first final report is due by **30 June 2027**.

Western Power supports the intent of a recurring review cycle. However, Western Power considers that the ongoing workability of section 3.8B will depend on the scope of each review remaining proportionate to the matters that have materially changed since the previous review, the availability of necessary data and technical inputs, and the establishment of appropriate capability, resourcing, funding and governance arrangements.

This is particularly important given the potential for section 3.8B work to overlap with other major planning and modelling obligations. Western Power therefore considers that the **Rules should support a proportionate approach to future reviews**, including where a review concludes that there has been no material change to the previously published methodology. This includes the ability to publish a confirmation report or statement of no material change without necessarily requiring the full draft consultation process in every instance.

Western Power also considers that the timing and scope of future reviews should recognise dependencies on timely access to relevant data, inputs and consultation outcomes, particularly where delays or expanded scope may affect Western Power's ability to meet a fixed Rules compliance deadline.

Western Power considers that the proposed Rules appropriately defines the respective roles of Western Power and AEMO under section 3.8B. Western Power's role is to develop or refine and provide the **applicable event-based method and supporting technical input**, while AEMO retains the clear role and accountability for applying that information appropriately in determining FCESS requirements and broader market outcomes.

Western Power also considers the Rules should make clear that nothing in section 3.8B requires publication of confidential, legally protected or otherwise sensitive information. Western Power expects the relevant reports would generally rely on aggregated and non-sensitive information, but if consultation feedback or follow-up requests seek a level of detail that would disclose protected information, **Western Power must remain able to withhold that material as appropriate**.

For the remaining Tranche 10 reform elements, **Western Power's position is generally one of support**. Western Power considers these reforms broadly beneficial where they improve the technical accuracy of market calculations, strengthen the resilience and fairness of settlement arrangements during abnormal system conditions, and provide correction pathways where erroneous or inappropriate market outcomes may otherwise arise.

In summary:

- Western Power **supports the overall direction of the Tranche 10 reforms**;
- **supports the policy intent of section 3.8B**;
- understands section 3.8B as relating to the applicable **single event-based methodology**, rather than requiring review or publication of multiple methods unless future work justifies that approach;
- **does not consider the proposed first publication deadline of 1 February 2027 to be practicable**;
- requests that the first publication deadline be amended to **30 June 2027**;
- supports the intent of a recurring review cycle, provided future reviews are proportionate to material changes in the methodology, data, system conditions or relevant technical assumptions; and
- invites DEED to **consider a streamlined publication pathway** where a later review concludes that there has been no material change to the previously published methodology.

Western Power welcomes continued engagement with DEED, AEMO, the ERA and stakeholders to finalise these reforms in a way that is technically robust, operationally practical and consistent with the long-term interests of the SWIS.

Should you have any queries, please contact **Andy Singh Kondola** (Energy Market Regulation Manager) by email at **andy.kondola@westernpower.com.au**.

Yours sincerely

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