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28 August 2026

Ms Dora Guzeleva
Director Wholesale Markets
Energy Policy WA
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Dear Ms Guzeleva

Capability Class 2 Technologies Review – Consultation Paper

The Australian Energy Market Operator (AEMO) appreciates the opportunity to provide a submission on the Capability Class 2 Technologies Review (CC2T Review) – Consultation Paper.

AEMO supports the proposals in the Consultation Paper and considers they will meet the objectives of improving Reserve Capacity Testing and Reserve Capacity Security arrangements, providing flexibility for Demand Side Programmes (DSPs), and incentivising Electric Storage Resources (ESRs) to maintain sufficient state of charge to meet their Peak Reserve Capacity Obligation Quantities.

Proposal 4(b) - Enabling ESRs to participate in the Real-Time Market (RTM) while ensuring compliance with State of Charge (SOC) obligations

Of the two options presented under Proposal 4(b), AEMO strongly supports Option 1, as it offers the more robust and practicable solution for AEMO and Market Participants for the following reasons:

- Option 1 enables AEMO to retain visibility of the physically available capacity ESR, so that AEMO can dispatch the ESR to generate or consume as necessary (i.e. to provide energy, Essential System Services or relieve a network constraint), during the SOC mandate. The level of visibility under Option 2 would be much more restricted and would require more operational preparation ahead of Low Reserve Condition days.
- The implementation of Option 1 is likely to be more straightforward by avoiding the complexity of configuring WEMDE to work with 0 MW bids and offers, as required under Option 2. It therefore potentially offers a quicker and least-cost solution.
- Option 1 can be automated to a greater extent than Option 2, which mostly relies on manual processes.
- The amendments required to the ESM Rules to implement Option 1 are likely to be more straightforward, with new prescription mainly focused on making minor changes to rules for the Low Reserve Condition framework. Option 2 would likely require more material changes to the rules for Dispatch.
- Only option 1 preserves the bid stack, ensuring an ESR Facility will receive an uplift payment where it is directed by AEMO.

AEMO looks forward to continuing to work with Energy Policy WA to implement the final proposals. Should you have any queries about this submission, please contact Alex Gillespie, Acting Manager WA Regulatory Affairs at alex.gillespie@aemo.com.au.

Yours sincerely

Signed by:
Kirsten Rose
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Kirsten Rose

Executive General Manager WA