



Department of
**Energy and Economic
Diversification**

**Energy
Policy WA**

Response to Submissions

Exposure Draft of Electricity System and Market Amending Rules (Tranche 10)

1. Overview

The Department of Energy and Economic Diversity (DEED) developed amendments to the Electricity System and Market (ESM) Rules in consultation with the Australian Energy Market Operator (AEMO) and other stakeholders. An exposure draft of the proposed Electricity System and Market Amendment (Tranche 10) Rules 2026 (Tranche 10 Exposure Draft) was published on the Coordinator's Website for public consultation on 26 May 2026.

To see a summary of the proposed changes, please refer to the [Tranche 10 Exposure Draft](#).

A Transformation Design and Operation Working Group (TDOWG) meeting was held on 17 June 2026 to discuss the Tranche 10 Exposure Draft. Slides for TDOWG 58 are available [here](#).

Electricity System and Market Amendment (Tranche 10) Rules 2026

The Electricity System and Market Amendment (Tranche 10) Rules 2026 were made by the Minister for Energy on 17 September 2026 and a notice of their making was published in the Government Gazette on 25 September 2026.

2. Responses to Submissions

Public consultation on the Tranche 10 Exposure Draft closed on 24 June 2026 and DEED received six public submissions. A copy of these submissions can be found [here](#).

DEED also held one-on-one discussions with AEMO, Empire CaE and Synergy to clarify aspects of their submissions.

DEED considered all stakeholder feedback on the Tranche 10 Exposure Draft before finalising the Amending Rules and has provided a response to the feedback in the tables below.

Table 1: Issues raised in relation to high level concepts or policy intent

Submitter	Comment/Issue Raised	DEED Response
General		
AEMO	AEMO supports the proposed changes, which aim to facilitate regulatory and process improvements in alignment with the State Electricity Objective.	Noted.
Western Power	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.	Noted.
Enel X	Enel X is supportive of the changes as they relate to Demand Side Programmes and consider that these seem sensible improvements to the existing drafting.	Noted.
DPV Shake-Off and Load Shake-Off Review (section 3.8B)		
AEMO	AEMO supports the process that requires Western Power (in consultation with AEMO) to implement the method, inputs and equations for use in determining DPV Shake-Off and Load Shake-Off quantities. These quantities are used by AEMO to determine Frequency Co-optimised Essential System Service (FCESS) requirements, as part of its role in maintaining Power System Security.	Noted.
Western Power	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.	Noted.
Deferral of Flexible Capacity Obligations		
AEMO	AEMO supports the deferral as this will allow AEMO to reprioritise reform implementation activities.	Noted.

Submitter	Comment/Issue Raised	DEED Response
Alinta	Alinta supports the deferral, as without this exemption, flexible capacity providers would carry compliance obligations and refund exposure with no corresponding revenue benefit.	Noted.
Direction by AEMO to use Liquid Fuel during Low Reserve Conditions		
AEMO	AEMO supports the proposal to clarify the circumstances and processes by which AEMO may direct a Market Participant during Low Reserve Conditions to operate a Registered Facility with the Liquid Fuel nominated in its application for Certified Reserve Capacity.	Noted.
EmpireCaE	Strengthening AEMO's ability to direct liquid fuel operation under low reserve conditions may be justified for system security. EmpireCaE notes, however, that expanding reliability mechanisms for thermal responses without parallel enabling measures for storage and demand response risks technology-asymmetric outcomes. EmpireCaE requests clarity on how storage and demand response are expected to provide equivalent reliability services under the evolving framework, including any roadmap for equivalent pathways.	In a meeting held with DEED to discuss its submission, Empire CaE agreed that the proposed change was specific to dual-fuel (i.e. gas and Liquid Fuel) Facilities and unrelated to storage or demand response. Empire CaE strongly supported Synergy's suggestion to require AEMO to document in a WEM Procedure the circumstances that must be met for AEMO to issue directions to use Liquid Fuel under new clause 7.7.5A.
Capacity Pricing		
AEMO	AEMO supports bringing forward provisions that support component-based pricing to 1 October 2026, as these changes are required for AEMO to effectively determine and apply capacity prices for the 2026-2027 Capacity Year.	Noted.
Alinta	Alinta notes that where new capacity is added to an existing Facility through a new Facility Technology Type (FTT), it is treated as a new Separately Certified Component (SCC) and receives the Floating Daily Peak Reserve Capacity Price, reflecting current new entry costs.	The ESM Rules do not allow a Facility to contain multiple SSCs with the same FTT. The prohibition is an existing policy decision, outside the scope of the Tranche 10 Amending Rules. DEED acknowledges that the prohibition may reduce flexibility for some Market Participants, e.g. by preventing an upgrade of an existing SCC from receiving a higher capacity price than the original SCC; or the loss of a grandfathered Peak ESR Obligation Duration if an ESR SCC is upgraded. However, the decision has

Submitter	Comment/Issue Raised	DEED Response
	By contrast, where a similar increase in capacity is delivered via an upgrade to an existing FTT, the additional MW continues to receive the Transitional Daily Peak Reserve Capacity Price. Alinta considers that the application of transitional pricing to upgrades may have the effect of disincentivising comparatively lower-cost brownfield expansion options, relative to functionally equivalent alternatives. Alinta suggests that incremental capacity from upgrades should receive the Floating Daily Peak Reserve Capacity Price, while the existing (legacy) capacity continues to receive the transitional price. Alinta proposes three alternative options to implement its suggested approach.	been made because the potential benefit to consumers of allowing multiple SSCs (i.e. increased total capacity from upgrades of existing SSCs) is insufficient to justify the extremely large implementation costs. These costs include: • very high IT system costs for extensive changes across multiple AEMO IT systems (including RCM, registration, outage management and settlement systems); • increased ongoing operational costs arising from increased rule complexity and an increase in SSCs; and • delays in implementing other changes that are likely to better support the State Electricity Objective (given AEMO's ongoing IT implementation backlog).
Aggregation of Facilities with mixed duration Electric Storage Resources (clause 2.30.5(j))		
EmpireCaE	The proposed prohibition on aggregation for mixed-duration ESRs risks creating a technology-specific barrier that disproportionately affects storage and hybrid projects. The stated rationale (AEMO IT system limitations and avoidance of complexity/cost) is an implementation constraint rather than a policy justification. The amendment may discourage efficient staged augmentation of storage (a common and economically rational development pathway), and may therefore work against efficient investment and technology-neutral outcomes. A cleaner approach is available: allow aggregation for administrative/settlement purposes while calculating PESROD/PESROI and associated capacity/obligation quantities at the separately certified component level. Empire CaE suggests: • removing or narrowing the proposed prohibition in clause 2.30.5(j);	Please refer to the previous response to Alinta. The State Electricity Objective requires consideration of implementation costs because the costs flow through to consumers and affect the price of electricity. As noted above, the potential benefits of allowing multiple SSCs of the same FTT are acknowledged, but they are insufficient to justify the implementation costs. Permitting aggregation of ESRs with different Peak ESR Obligation Duration under section 2.30 would not provide any material benefit to consumers (e.g. an increase in total capacity) and would require the market to incur all the implementation costs of allowing multiple ESR SSCs in a Facility. To date there has only been one aggregation under section 2.30 - two Scheduled Facilities that were aggregated for a brief period in 2012. The historical lack of interest in Facility aggregation suggests that the benefits of aggregation are limited, and so the likely best option for a Market Participant who wishes to retain the Peak ESR Obligation Duration of its existing Facilities is to leave them unaggregated.

Submitter	Comment/Issue Raised	DEED Response
	- replacing it with a provision that allows aggregation but explicitly requires component-level calculation for PESROD/PESROI-driven quantities; and - if system changes are required, adopt a transitional plan rather than a permanent restriction.	

Table 2: Suggested enhancements and requests for clarification

Submitter	Rule	Comment/Issue Raised	DEED Response
Schedule 1			
AEMO	Chapter 1	AEMO would welcome the inclusion of a transitional clause (similar to clause 1.70.2) to provide additional time to progress the Procedure amendments impacted by Schedules 1 and 2, in recognition of the large WEM Procedure load currently being worked through ahead of major ESM Rule changes scheduled to commence on 1 October 2026.	New section 1.73 has been included to extend the deadline for WEM Procedure changes to reflect the Amending Rules in Schedules 1 and 2 to 1 February 2027.
Western Power	Section 3.8B	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.	Noted. Under section 3.8B, Western Power will be responsible for both determining and justifying the scope of its analysis for each review.
Western Power	3.8B.1(a)	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 require Western Power to establish the necessary governance, technical methodology, data and modelling arrangements, assurance processes and	The deadline for publication of the first final report has been extended to 30 June 2027, in recognition of Western Power's concerns. However, to prevent any unwarranted delays in commencing the work and ensure that Western Power has sufficient time to account for stakeholder feedback, clause 3.8B.3 has also been amended to require

Submitter	Rule	Comment/Issue Raised	DEED Response
		consultation pathway for a new recurring Rules obligation, and then complete the review itself. Western Power considers that 30 June 2027 is the earliest achievable delivery date while maintaining the level of quality, rigour and consultation that the market should reasonably expect, and requests that the deadline for the first final report be amended to 30 June 2027.	Western Power to publish the draft report at least four months prior to the day by which it must publish the final report.
Western Power	Section 3.8B	Western Power 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. Western Power 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.	DEED considers that changes to streamline the proposed review process are premature, because the rationale for any such changes would need to be based on an assessment of the operation of previous reviews.
Western Power	Section 3.8B	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.	Noted.
Western Power	Section 3.8B	The ESM 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 be able to withhold that material as appropriate.	DEED considers that the existing framework for the management of Confidential Information under Chapter 10 of the ESM Rules is sufficient to protect any Confidential Information used in the review process, so no additional provisions are required.
Synergy	4.1.27	Synergy seeks clarity if the intention of the proposed changes to clause 4.1.27 is:	The wording of clause 4.1.27 reflects the policy intent, which is that the test applies to each Reserve Capacity

Submitter	Rule	Comment/Issue Raised	DEED Response
		A. that the Flexible Capacity obligations will only apply in Capacity Years where the Flexible Reserve Capacity Price (RCP) is greater than the Peak RCP?; Or B. that following a Capacity Year with the Flexible RCP greater than the Peak RCP, the obligations will continue to apply in all subsequent Capacity Years, even if the Flexible RCP were to be lower than the Peak RCP in any of those subsequent years? For illustrative example, assume for the 2030 Capacity Year, the Flexible RCP is higher than the Peak RCP. If, in 2031, the Flexible RCP is now lower than the Peak RCP, is the intention that the Flexible Capacity obligations will not apply in 2031 (i.e. outcome A); or the Flexible Capacity obligations will continue to apply (i.e. outcome B)?	Cycle individually (outcome A in Synergy's submission).
Synergy	7.7.5A and 7.7.14	Synergy supports the implementation of the proposed new clause 7.7.5A, however raises the following for further consideration: • further clarification on the criteria to be used by AEMO when determining the Facility/Facilities that will be direct to use Liquid Fuel, other than the factor of a Facility's Liquid Fuel nomination under clause 4.10.1(e)(v). • measures should be established to ensure that no single Market Participant responsible for a Facility/Facilities that have made the Liquid Fuel nomination under clause 4.10.1(e)(v) should be disadvantaged due to the proposed clause 7.7.5A. The criteria should be such that all Facilities that have made the Liquid Fuel nomination should have equal likelihood of being directed under proposed clause 7.7.5A. • other factors such as gas network or transportation limitations, or constraints in Market Participants' gas supplies should also be evident at the time of the Low	Clause 7.7.14 has been further amended to require AEMO to document in the WEM Procedure the circumstances that must exist for AEMO to issue a direction under clause 7.7.5A. DEED does not consider that sufficient evidence is available to warrant establishment of a compensation mechanism for Market Participants who receive directions under clause 7.7.5A.

Submitter	Rule	Comment/Issue Raised	DEED Response
		Reserve Condition Declaration before AEMO is able to apply clause 7.7.5A. - a compensation mechanism be established for Market Participants who have been negatively impacted financially due to its Facility/Facilities being directed under clause 7.7.5A. Synergy suggests further amendments to clause 7.7.14 to require AEMO to document in a WEM Procedure: - the circumstances that must be met for AEMO to issue a direction under clause 7.7.5A; and - the details of the compensation mechanism that may be used following a direction under clause 7.7.14.	
Schedule 2			
Empire CaE	Various	Implementation of daily capacity prices brought forward - Bringing forward daily capacity prices may increase settlement granularity and administrative burden. Storage and hybrid facilities are more likely to comprise multiple separately certified components and staged augmentations, which can increase complexity in daily settlement outcomes. EmpireCaE requests clear transitional guidance, assurance testing, and worked examples for common storage/hybrid configurations.	The implementation of daily capacity prices does not increase settlement granularity or administrative burden. Capacity refunds will continue to be calculated on a per Trading Interval basis, albeit with AEMO deriving the per Trading Interval capacity prices from daily prices rather than monthly prices. Similarly, capacity payments will continue to be calculated on a per Trading Day basis.
Empire CaE	Various	Settlement corrections where separately certified components have different capacity prices - EmpireCaE supports correct settlement outcomes. However, hybrids are more likely to have multiple separately certified components with different parameters and potentially different prices/obligations. EmpireCaE requests that implementation be accompanied by published worked examples (including staged battery augmentation and solar-plus-storage configurations) and confirmation that the approach avoids double-counting or unintended penalties.	DEED does not consider the additional documentation requested by Empire CaE is needed. The changes to support settlement of SSCs with different capacity prices are not new and have already been subject to extensive public consultation. The Tranche 10 changes simply bring forward their implementation by a year. The new calculations are clearly specified in the Amending Rules, and an interested Market Participant should have no difficulty in applying them to their

Submitter	Rule	Comment/Issue Raised	DEED Response
			Facilities to understand the outcomes for their specific hybrid configurations.
Empire CaE	4.26.1(e)	EmpireCaE supports correcting calculation errors (available capacity calculations) to align outcomes with policy intent. Given the potential for corrections to have different directional impacts across facility classes, EmpireCaE requests transparency on expected impacts by facility type (including ESR and hybrid configurations) and confirmation that the corrected approach remains technology-neutral in effect.	In a meeting held with DEED to discuss its submission, Empire CaE agreed that the Spare(f,t) values calculated under clause 4.26.1(e) are only used to calculate the dynamic refund factor RD dynamic(t), a global value that applies equally to all Facilities. Empire CaE clarified that its main concern was with capacity that was assigned Capacity Credits but was unlikely to be able to run during peak periods due to constraints.
Synergy	7.12.1C(b)	Synergy requests additional clarification is provided on the factors and thresholds that would be used to determine that 'material and irregular level of Energy Uplift Payments' have been received by a Market Participant over a Suspension Period.	Clause 7.12.1C(b) has been deliberately drafted to provide the ERA some discretion in its decisions. However, DEED expects that: - the ERA would compare the administrative costs of making an assessment and processing a Market Participant Excess against the size of the relevant Energy Uplift Payments when determining 'materiality'; and - an 'irregular' payment might be one that lacks any obvious cause (e.g. a network or system security issue requiring the operation of the Facility) and/or is inconsistent with normal payment levels.
Schedule 3			
Synergy	9.5.5A	The explanatory note for clause 9.5.5A in the exposure draft notes that a threshold of 200 MWh has been chosen as this "represents the minimum Injection level expected under 'normal' operating conditions". Synergy supports the need for a change to address this issue. However, given the pace of change in the WEM through the energy transition, Synergy considers the following:	In a meeting with DEED to discuss its submission, Synergy agreed that a dynamic threshold based on the nameplate capacity of Injecting Facilities during a system black event might not be appropriate, because it could result in low thresholds that were inconsistent with normal operations.

Submitter	Rule	Comment/Issue Raised	DEED Response
		- a dynamic threshold should be used, i.e., a percentage of the nameplate capacity of Injecting Facilities during a system black event, (instead of a fixed value threshold) and - periodic reviews of the dynamic threshold be conducted following significant changes in the WEM to ensure the threshold remains appropriate.	The 200 MWh threshold was developed in consultation with AEMO. AEMO has indicated that it would take preventative action (e.g. triggering Emergency Solar Response) to prevent demand falling below this level (400 MW), so it is unlikely to be reached under normal operating conditions. AEMO's 'low demand' criteria are largely based on the need to have enough thermal plant running to meet system inertia requirements. The criteria are not expected to materially change while the SWIS remains dependent on thermal plant to provide inertia, limiting the value of any 'periodic' review. However, in future the use of alternative inertia providers (e.g. synchronous condensers and/or grid forming batteries) may permit normal operation below the 200 MWh threshold. As the introduction of these new technologies will require changes to the ESM Rules, DEED considers it would be appropriate to review the impact of lower minimum demand levels on the relevant settlement calculations when the changes that will facilitate them are developed.

Table 3: Minor drafting issues

Submitter	Clause #	Comment/Issue Raised	DEED Response
Schedule 1			
AEMO	7.12.1	AEMO considers that the approach implemented for definitions in clause 7.12.1 is not consistent with the general approach in other sections of the non-transitional chapters of the ESM Rules (Chapters 2-11). AEMO suggests updating the drafting to reflect standing conventions [e.g.	Section or appendix-specific definitions are a practical way to avoid unnecessarily including defined terms in the Glossary that are only relevant to a single section or appendix of the ESM Rules. While they have not been used in Chapters 2-11 to date, their use in

Submitter	Clause #	Comment/Issue Raised	DEED Response
		(“ Deemed Real-Time Payment ”)] and including the terms in the Glossary in Chapter 11.	transitional sections and appendices has helped to minimise ‘clutter’ in the Glossary, and DEED sees no reason not to use them in other parts of the ESM Rules.
Synergy	7.12.2	Synergy considers that the defined term within clause 7.12.2 should be “Market Participant Excess Amount” instead of “Market Participant Excess” for consistency with other proposed changes.	DEED does not agree with the proposed change. The defined terms “Market Participant Excess” and “Market Participant Excess Amount” have different meanings. The first is a specific situation or circumstance that the ERA may determine exists for a Market Participant over a Suspension Period. The second is an actual dollar amount for a Trading Interval, determined by the ERA.
Synergy	7.12.7	Synergy considers that the defined term within clause 7.12.7 should be “Market Participant Deficit Amount” instead of “Market Participant Deficit” for consistency with other proposed changes.	DEED does not agree with the proposed change – see the previous comment in relation to clause 7.12.2.
Synergy	7.12.7	For completeness, Synergy suggests clause 7.12.7 should also allow for the Economic Regulation Authority (ERA) to determine that a Market Participant’s Deemed Real-Time Payment is equal to the Deemed Real-Time Cost.	DEED does not consider the proposed change is necessary, because no action is required if a Market Participant’s Deemed Real-Time Payment is equal to its Deemed Real-Time Cost.
Schedule 2			
AEMO	7.11C.1(b)	AEMO suggests deleting clause 7.11C.1(b) as the provision is now redundant, with the relevant clauses (7.11B.1A or 7.11C.2, as applicable) defining the circumstances in that would require AEMO to determine a replacement Market Schedule under 7.11B.1B(a).	In discussions with AEMO, DEED confirmed that the intent of the clause is to require AEMO to describe the scenarios under which it might have “sufficient information” to determine a replacement Market Schedule under clause 7.11B.1B(a) (e.g. when the manifestly incorrect input is a SCADA reading for which an alternative SCADA reading is available). Clause 7.11C.1(b) has been further amended to clarify its intent, i.e. for AEMO to explain the circumstances under which it will be able to determine a replacement Market Schedule under clause 7.11B.1B(a).

Submitter	Clause #	Comment/Issue Raised	DEED Response
Synergy	9.8.3A	Synergy suggested the following typographical edit to clause 9.8.3A: “For the purposes of clause 9.8.3, <u>for Market Participant p, on Trading Day d</u>, Capacity Payments(p,d) is calculated as: ... (d) EDPRCP(e<u>e</u>,d) is the Entity Daily Peak Reserve Capacity Price associated with entity e in Trading Day d.”	Clause 9.8.3A has been amended to refer to Market Participant p and Trading Day d explicitly, and to correct the typographical error in clause 9.8.3A(d). (The drafting varies slightly from Synergy’s suggestion to maintain consistency with clause 9.8.3.)
Synergy	9.8.3B	Synergy suggested the following typographical edit to clause 9.8.3B: “For the purpose of clause 9.8.3, <u>for Market Participant p, on Trading Day d</u>, Over Allocation Payment(p,d) is calculated as:”	Clause 9.8.3B has been amended to refer to Market Participant p and Trading Day d explicitly. (The drafting varies slightly from Synergy’s suggestion to maintain consistency with clause 9.8.3.)
Schedule 4			
AEMO	9.5.5A	AEMO queries whether the 200 MWh low injection threshold would be better implemented via a defined term and a specified value in the Glossary, similar to what has been done for CL Threshold, rather than hardcoded as a numerical value in the equation in clause 9.5.5A.	DEED does not agree with the proposed change. The term CL Threshold was defined in the Glossary because it is used in multiple places in the ESM Rules. In contrast, the 200 MWh threshold is only used in this clause, so the creation of a defined term in the Glossary would provide little benefit.
AEMO	9.5.5A	AEMO considers that the equation would be easier to read and implement if the ‘SUM(max(0,MeteredSchedule(f,t)))’ portion of this formula was a separate step called InjectionContributingQuantity(t), similar to current drafting in clauses 9.5.6 to 9.5.8. Doing so would avoid having a calculation in the flag setting provision and would simplify flag setting by simply checking if the InjectionContributingQuantity(t) is less than the defined low injection threshold.	Agreed. Clause 9.5.5A has been amended and new clause 9.5.5A created to implement AEMO’s suggestion.