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EPWA CONSULTATION: CAPABILITY CLASS 2 TECHNOLOGIES REVIEW CONSULTATION PAPER

Synergy welcomes the opportunity to provide feedback on Energy Policy WA's (EPWA's) *Capabilities Class 2 Technologies Review Consultation Paper* that was released on 4 August 2026 (**CC2T Review Paper**). Synergy understands that the CC2T Review Paper presents the analysis and findings from the Capability Class 2 Technology Review required under Section 4.13B of the Electricity and System Market Rules (**ESM Rules**). The purpose of the Capability Class 2 Technology Review is to ensure Power System Security and Reliability is maintained and obligations applying to Electric Storage Resources (**ESRs**) and Demand Side Programmes (**DSPs**) remain consistent with the State Electricity Objective.

1. CC2T REVIEW PAPER PROPOSALS

Synergy supports the overarching policy intent of the proposals outlined within the CC2T Review Paper with responses to each proposal provided below.

Items reviewed with no change proposed

Synergy agrees with EPWA's assessments that the current approaches should be retained for:

- the ESR derating approach;
- the method for determining the ESR Obligation Intervals; and
- the Network Access Quantity prioritisation order.

Proposal 1

Synergy supports amending the ESM Rules to account for ESR ramping during Reserve Capacity Tests.

Proposal 2a

Synergy agrees with the proposal to split the DSP availability obligation intervals on Business Days into two distinct periods of 4:00am to 8:00am and 2:00pm to 10:00pm.

Synergy's support for the 4:00am to 8:00am window is based on the understanding that there is a higher likelihood of system stress occurring before 8:00am on Business Days.

Proposal 2b

Synergy supports allowing a DSP participant to choose only the 2:00pm to 10:00pm obligation window and receive a derated Reserve Capacity Price for Capacity Credits tradable only through the Australian Energy Market Operator (**AEMO**).

Proposal 2c

Synergy is supportive of the proposals to:

- Remove the option for DSPs to offer availability outside of the prescribed availability obligations intervals.
- Allow DSPs to associate different loads within its portfolio to the morning and evening set of obligation intervals at least three weeks before the Associated Loads effective date.
- Empower AEMO to conduct Reserve Capacity Tests in the availability obligation windows selected by the DSP.

Further, in relation to the allowance to associated different loads for the morning and evening obligations intervals, Synergy suggests that clarification is provided that the different loads involved must be behind the same Transmission Node Identifier (**TNI**).

Proposal 3

Synergy agrees with the proposal to allow a DSP participant to request a reduction in its Capacity Credits and the return of a corresponding portion of its Reserve Capacity Security when the below conditions are met:

- an Associated Load greater than 5MW ceases operations permanently; and
- the DSP participant notifies AEMO of this cessation of operations no later than 1 April in Year 3 of the relevant Reserve Capacity Cycle; and
- the DSP participant provides sufficient evidence of the Associated Load's cessation of operations.

Synergy also supports the proposal for amendments to the ESM Rules to prevent the Associated Load from participating in Supplementary Capacity in the relevant Capacity Year.

Proposal 4a

Synergy is supportive of the proposals pertaining to the new lack of reserve - state of charge (**LOR-SOC**) obligation for ESRs.

Proposal 4b

Synergy supports Option 1, which is to empower the AEMO to apply Constraint Equations to assist ESR operators in complying with the new LOR-SOC obligation.

Proposal 5

Synergy agrees with the proposal to introduce an addition to the current refund mechanism for Peak Certified ESR facilities which would be applicable when a LOR-SOC is in effect.

2. EXISTING CHALLENGES OF BEHIND-THE-METER STORAGE PARTICIPATING AS DEMAND SIDE PROGRAMMES

The CC2T Review Paper makes several statements regarding encouraging Behind-the-Meter (**BtM**) storage to participate in DSP aggregations. While Synergy agrees that orchestration of BtM storage aggregations can provide additional services and supply security to the Wholesale Electricity Market (**WEM**), the DSP facility class is not well suited to deliver the best overall value. Synergy understands that to meet the requirements of a DSP:

- In normal operating conditions, the BtM storage assets would need to be idled to maximise the Relevant Demand of the DSP
- The BtM storage would only be utilised to its maximum capability when the DSP is directed to operate by AEMO.

Synergy considers that this operation profile for BtM batteries will not deliver an efficient outcome for the customer (the battery owner) or the WEM. The BtM storage should be used daily to flatten the customer's load, and in times of system stress export energy to offset system peak demand.

Synergy's extensive investigations of orchestrated residential BtM storage found that the DSP facility class is not fit for purpose for these assets. The operational profile required for the DSP facility class is fundamentally different to the optimal use case for aggregated residential BtM storage to maximise value to the WEM. The integration of BtM aggregations into the WEM can deliver benefits to the customers and the system as a whole, however the integration mechanism needs ensure BtM storage assets are used efficiently to both reduce unscheduled demand and to provide additional system support in system stress events.

3. CONCLUSION

Synergy thanks EPWA for its work to date on the WEM reform programs and looks forward to EPWA's continued consultation on market reform matters.

Your sincerely



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MANAGER ELECTRICITY MARKETS