

Date: **7 October 2026**

Subject: **2026 Benchmark Technology Review – Draft Determination for Consultation, 9 September 2026**

To: Energy Markets (via email): energymarkets@deed.wa.gov.au

Nomad Energy (**Nomad**) welcomes the opportunity to provide feedback on the Coordinator of Energy's Draft Determination for the 2026 Benchmark Technology Review (the **Review**), published on 9 September 2026, and commends the Department of Energy and Economic Diversification (**DEED**) for publishing the configuration workbook alongside the Consultation Paper. Nomad has relied on the published configuration workbook in preparing this submission; the figures below are taken from it and from the Consultation Paper, and we encourage DEED to continue the practice.

Nomad is an active market participant in WA's Electricity System and Market (ESM), being the original developer of the largest operational solar farm (Merredin Solar Farm – 132MWp/100MWac) and more recently delivering the Merredin BESS (100MW/400MWh) project into construction with our joint venture partners Atmos Renewables. Nomad's development pipeline consists of hybrid facilities designed to hold Capacity Credits under the Reserve Capacity Mechanism (**RCM**): including the Ngaangk Boodja Hybrid (NBH) near Merredin (168MW of solar with a DC-coupled seven-hour battery, development approval granted and grid connection processing under way with Western Power). The NBH project is located in an electrically weak part of the SWIS, and the grid forming capability of the inverters employed on this project will help provide resilience and much needed system strength. With the recent change in the ESROI duration up to 7hrs, the projects' economic viability is closely linked to reserve capacity revenue streams, our submission is centred on the impact to our NBH project and queries around the methodology employed which has led to a simple cycle gas turbine being selected as the baseline technology for the calculation of the Benchmark Reserve Capacity Price.

Nomad accepts that the Coordinator must apply the ESM Rules as they stand and select the technology expected to provide Peak and Flexible Capacity at the lowest annual fixed cost. Our concern is with the calculation underneath Proposal A, and how that calculation impacts facility proponents seeking to delivery BESS projects into the 2029/30 reserve capacity cycle. In summary:

- 1) Nomad **supports** Proposal B, the retention of a gross Cost of New Entry (**CONE**) approach (consultation question 3);
- 2) Nomad **does not support** Proposal A as currently costed (consultation questions 1 and 2). The proposed E-Class simple cycle gas turbine (**SCGT**) is costed with **no firm gas transport**, with turbine prices that pre-date the current market, and without the emissions intensity threshold applied in the 2025 review. Unless every fixed cost of operating the facility is carried into the cost build-up, the technology selected may not be the least-cost means of bringing new capacity into the market;
- 3) Nomad's comments are focussed on the Short Run Marginal Cost build-up value rather than the technology selection. On DEED's own workbook, costing the proposed SCGT with firm fuel brings it to within 1.5% of the seven-hour battery energy storage system (**BESS**). Whichever technology is

selected, the Benchmark Reserve Capacity Price (**BRCP**) should reflect the genuine cost of new entry, not a configuration that cannot be delivered at the price assumed;

- 4) Separately, the stability of the reference price deserves more weight in the Final Determination than it currently receives. The Benchmark Technology has changed at successive reviews, and the proposed technology sits 26% below the seven-hour BESS it would replace, at a proxy of around \$345,000/MW/yr.

Nomad notes that under Section 2 – Benchmark Technology analysis, specifically **Proposal A** (consultation questions 1 and 2), the following:

- 1) **The cost of firm gas transport has been left out.** The dual fuel configuration is costed with a “skinny” lateral, on-site distillate and no Dampier to Bunbury Natural Gas Pipeline (**DBNGP**) capacity reservation, on the basis that gas is a variable cost recovered through the Real-Time Market. Reserving capacity on the DBNGP incurs a charge that is payable whether or not gas is shipped. That charge does not vary with output and cannot be recovered through the Real-Time Market; it belongs in the fixed cost build-up of any facility that is expected to run on gas. DEED’s own workbook already calculates this charge for the gas-only SGT5-2000E configuration – an MDQ of 54,205 GJ/day at the DBNGP tariff, or \$36.0 million a year. Carrying that single line across to the dual fuel case, on DEED’s own method and escalation, lifts the proxy BRCP from \$344,893/MW/yr to approximately \$458,000/MW/yr, within 1.5% of the seven-hour BESS at \$464,536/MW/yr. On that basis the 26% margin on which Proposal A rests largely disappears;
- 2) **The facility is costed on distillate but assessed on gas.** DEED models the facility on gas to test whether it is the marginal energy supplier (section 3.3), relies on gas operation to describe its emissions as ‘relatively low’ (section 2.6), and configures it with a gas lateral. Distillate operation is assumed in one place only: when the cost of gas transport is excluded. DEED rejected a distillate-only facility because it “would not be consistent with the environmental limb” of the State Electricity Objective (**SEO**) and because the Real-Time Market price “will increase significantly every time a distillate only plant is dispatched”. Both reasons apply to the proposed facility whenever it cannot obtain gas, and it is least likely to obtain uncontracted gas in the intervals in which it is dispatched, when other gas-fired generation is also running. A facility that relies on opportunistic transport or on a broader portfolio is not a notional **new** facility; it is an incumbent’s facility, and the benchmark should not be set on terms that only an incumbent could meet;
- 3) **Nomad does not support the removal of the emissions intensity threshold.** The 2025 review applied the indicative 0.55 t CO₂/MWh threshold as a shortlisting constraint; nothing in the ESM Rules has changed since, and the environmental limb of the SEO remains a statutory consideration. Nomad does not follow the rationale for setting that constraint aside when determining the cost of the technology the market is being asked to support, and asks that the threshold be retained as a shortlisting criterion. If it is not, the Final Determination should explain how the environmental limb was weighed in its absence;
- 4) **The thermal plant costs are out of date.** Thermal plant costs are taken from Thermoflow version 33 (March 2025) and escalated by CPI, while battery costs are taken from the 2026 IASR. DEED itself notes that the Thermoflow database “may itself be lagging current market prices”, that aeroderivative units are difficult to obtain for delivery before 2030, and that manufacturing capacity has not yet responded to demand. The estimate is defined as the cost of a plant committed on the day of assessment for commissioning by 1 October 2029 (Appendix B.1), which leaves little room for the delivery times DEED itself describes. Nomad asks that gas turbine capital

costs be re-based on current, market-tested pricing and that an allowance be made for securing delivery consistent with the 2029 commissioning date;

- 5) **Workbook correction.** The eight-hour BESS carries a Capacity Credit multiplier of 7/8, whereas a 200 MW / 1,600 MWh facility meets a seven-hour requirement at its full 200 MW and should carry 1.0. It does not change the result but should be corrected.

Nomad proposes:

- 1) that Proposal A not be finalised in its current form, and that the comparison be repeated with (a) a firm DBNGP capacity reservation included for the dual fuel configurations, at a minimum the MDQ the workbook already calculates for the equivalent gas-only configuration, (b) the thermal plant costs updated to current pricing, and (c) the emissions intensity threshold applied as a shortlisting criterion, or its removal and the weighing of the environmental limb stated explicitly, and that the result be published with the Final Determination;
- 2) that if a dual fuel SCGT remains the Benchmark Technology after that re-run, the Final Determination state that the BRCP will reflect the fixed cost of firm fuel. The outcome Nomad is asking for is a reference price that reflects the genuine cost of bringing new capacity into the SWIS, whichever technology that turns out to be.

Nomad notes that under Section 3 – Gross vs Net CONE analysis, specifically **Proposal B** (consultation question 3), the following:

- 1) We **support** retaining gross CONE. DEED's modelling shows net CONE would be only marginally lower (section 3.5), and the forecasting it requires (section 3.6) would make the reference price depend on assumptions proponents cannot test or rely on. A predictable BRCP is worth more to a new entrant than a small reduction in it, and that holds whichever technology is selected;
- 2) We note that the finding supporting gross CONE – that the SCGT is frequently the marginal energy supplier – was made with the facility running entirely on natural gas. That is consistent with our point above: the facility is assumed to run on gas for the CONE assessment and should carry the fixed cost of doing so.

Nomad notes the following in relation to the **stability of the reference price** and its effect on capacity that has not yet been built:

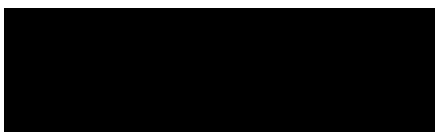
- 1) The Benchmark Technology has changed at successive reviews – from thermal plant to a BESS in the 2025 review and now back to an SCGT – and this determination would move the reference price by around 26% in a single step. Movements of that size undermine investor confidence in the capacity revenue line. The sequence is also of DEED's own making: the increase in the ESR Duration Requirement from six to seven hours raised the capital cost of a compliant BESS, which in turn made a gas turbine appear the cheaper option, with its emissions no longer a consideration in the comparison. Because clause 4.16.11(b) ties the review to the ESR Duration Requirement, the benchmark can be re-opened annually while every technology in the workbook is amortised over 15 years; a proponent cannot finance a 15-year revenue line against a reference that is re-set every year or two;
- 2) For projects in development both inputs moved within a single year: the duration needed to earn a full credit went up, and the value of each credit is now proposed to come down. The Ngaangk Boodja Hybrid was re-sized this year from six to seven hours of storage to meet the revised ESR Duration Requirement, at a material increase in capital cost; the proposed determination would

now reduce the value of each Capacity Credit it was re-sized to hold by 26%. For a facility holding around 120 Capacity Credits, the difference between the two proxies is of the order of \$14 million a year at the reference price; a movement of that size, in both inputs and within a single year, goes directly to project viability and to investor confidence in the capacity revenue line;

- 3) The Consultation Paper assumes that technologies with higher fixed costs will recover the difference through energy and ESS revenue. The same paper excludes FCESS revenue from the net CONE assessment because those markets are “dominated by ESRs” and expects that to continue as more storage connects. The ESS pool available to new storage is therefore thinning, not deepening, and in constrained parts of the network energy revenue is further limited by network access quantities and curtailment. The two positions sit at cross purposes: the paper relies on energy and ESS revenue to make up the difference for higher-fixed-cost technologies while, in the same document, expecting the ESS pool to be crowded out as more storage connects. Either the shortfall is recovered through higher energy prices, in which case consumers do not save what the determination assumes, or it is not, in which case the projects the SWIS needs do not reach financial close;
- 4) The ERA’s determination of the 2029/30 BRCP is not due until January 2027, or March 2027 under the Tranche 10 timing change DEED has foreshadowed, while projects are being priced into Capacity Investment Scheme tenders and offtake processes now. Nomad asks that the Final Determination (a) address the effect of a reference technology that changes at each review on the financing of new capacity, and say what the Coordinator expects the benchmark to be over the next several cycles, (b) publish the updated proxy BRCP for the selected technology alongside the determination, and (c) recommend that a mechanism to dampen movements in the BRCP between determinations be considered in a future tranche of ESM Rule amendments.

Nomad looks forward to engaging constructively with the Department, the ERA, AEMO and other stakeholders to ensure the Benchmark Technology, and the BRCP that follows from it, reflect the genuine cost of new entry and give proponents of new capacity a reference price they can finance against.

Sincerely



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