



Purpose

The Commission is required under s. 108A of the National Electricity Law (NEL) to publicly report on rules not made within 12 months of the publication of the notification of the commencement of the rule change process.

Background

On 2 July 2020, the Australian Energy Market Commission (AEMC) initiated a rule change request from TransGrid to amend the National Electricity Rules regarding the provision of system strength in the NEM.

The request proposed to abolish the 'do no harm' obligation and amend the minimum system strength requirements. This was intended to provide system strength in the NEM in a more proactive manner, to maintain a secure power system, and to provide additional levels of system strength to streamline the connection of new non-synchronous generators.

This project dovetails with the work of the Energy Security Board's (ESB's) post-2025 market design project, particularly its workstream on essential system services.

A consultation paper, relating to the rule change request, was published on 2 July 2020 followed by a draft rule determination on 29 April 2021. The final rule determination is due to be published by 29 July 2021.

Reason for the final rule determination not being made within 12 months

On 24 September 2020, the Commission extended the timeframe to make a draft determination until 24 December 2020. On 10 December 2020 the Commission again extended the timeframe to make a draft determination until 29 April 2021. These extensions were required for the following reasons:

- The rule change request raised issues of sufficient complexity and difficulty such that it was necessary that the period of time be extended to allow for thorough investigation of the issues prior to a determination being made. The rule change request related to evolving the provision of system strength in light of the transition of the power system. This included:
 - how the service is defined
 - the suitability of existing minimum arrangements
 - the need for the service above the minimum required for security for market efficiency.
- The assessment of the rule change request is being closely coordinated with the work of the ESB post-2025 market design program and the other market bodies, with this work being taken into account in the rule change process.

The extended timeframe also enabled the Commission to consult extensively with stakeholders on the issues raised in the rule change request, specifically to:

- hold nine technical working group sessions to date on the issues raised in the request
- working closely with the AER and AEMO on the issues raised in the request
- hold numerous other bilateral meetings on various aspects of the rule change request.

The final rule determination for this rule change request has therefore not been made within 12 months of the publication of the notice under s. 95 of the NEL.

Expected time for making a final rule determination

The final rule determination is due to be made by **29 July 2021**.