SUBMISSION

AEMC IMPROVING THE NEM ACCESS STANDARDS - PACKAGE 2 CONSULTATION PAPER (ERC0394)

19 JUNE 2025

INTRODUCTION

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our members are the engine room of the Australian economy, producing many of the products that households and business use every day including bricks, glass, steel, aluminium, paper, food and beverages. Combined, our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

EUAA members are focussed on making products that meet their own customers' requirements where electricity is just one input to the process, albeit a critical one. Their expectation is that the energy industry continues to provide energy services that are fit for purpose and consistent with the NEO so that our members can continue to provide a fit for purpose product for their customers.

Thank you for the opportunity to make a submission under the AEMC Improving the NEM Access Standards - Package 2 Consultation Paper.

While we agree that electricity consumers (including our members) have some responsibility for not impacting other electricity consumers, this role should be "passive" and not "active". Conceptually, consumers should be able to take an active role only when it is their best interest to do so and should never be forced or required to take an active role, especially where it is not in their long-term interests to do so. We believe this approach is consistent with the NEO where the electricity industry is obliged to act in the long-term interests of consumers.

We are concerned the current proposed rules in the Consultation Paper may result in our members being required to employ Power System Engineers in order to expand or build new sites, and then keep these people on the payroll to actively manage the connection. This transfers much of the risk that should be held and managed by the network service providers (NSP) and AEMO to the consumer. This is akin to every household having to have a microbiologist to test the milk they buy to ensure it is fit for human consumption.

Just as our members serve their customers, the electricity industry (including generation, networks and market bodies) exist to serve their customers. This is clearly stated in the NEO.

The EUAA understands that AEMO is concerned with potential positive feedback loop contingency events, whereby a disturbance happens in the electricity network which triggers some loads to trip, further exacerbating the disturbance and causing additional loads to trip. Further, we understand through consultation with AEMO, that AEMO are specifically concerned about inverter-based loads (IBL) where they believe the above risk is far more likely to occur, and in areas where there are numerous IBL that could potentially trip.

This is exactly what happened in Fairfax, Virginia on 10 July 2024 (and referred to as evidence of AEMO's concerns in the Consultation Paper), where a cascading contingency event occurred resulting in 60 data centres dropping a combined 1500MW of load in seconds. However, even though the power system managers worst nightmare occurred, Data Centre Alley where this event arose routes 70% of global internet traffic through it, and only 30% of data centres in the area were affected. Even with such a large loss of load, grid operator PJM Interconnection LLC kept the fault contained and kept the lights on for the bulk of its 65 million customers from Chicago to New Jersey.

This demonstrates that while precautionary measures would have meant a smaller scale of load dropped, that traditional network management practices can and do prevent the spread of such incidences, and at a larger scale and greater concentration than Australia will have in the foreseeable future (i.e. Australia is unlikely to need 200 data centres in one geographical part of the NEM).

Many of EUAA's members have in excess of 30MW of IBL, and to their knowledge, have not been part of, or caused a feedback loop contingency event or created system security issues.

In addition, many large industrial sites that are involved in material processing, manufacturing or mining have extensive onsite distribution networks and loads that will, in aggregate, meet the proposed thresholds. However, they are often comprised of many hundreds or thousands of different individual loads from various suppliers and varying size, function and capability. These sites are rarely static and are often subject to continuous ongoing change due to operational requirements. Some examples of constant change that may complicate our member's ability to meet the proposed rule change include electrical reconfiguration due to onsite network switching, replacement of equipment (with like-for-like not always possible or desirable) or equipment relocation.

Traditional large loads already play a vital role in securing the NEM by absorbing many of the small perturbations in the electricity system, acting as the NEM's "shock absorber". While traditional large loads are not the issue identified, they will be "caught" by the proposed rule change if they need to change their connection through expansion or rebuilding a site.

In a time when Governments across Australia are removing red-tape and trying to encourage investment (i.e. Future Made In Australia) and eventually seek to electrify much of industry, this rule change in its current form will dissuade investors from Australia and potentially put another barrier up to electrification (for those that can). This will ensure load destruction as plants will not be able to expand or rebuild unless they become electricity experts, an industry that they do not operate in. If they do reinvest, this rule change would impose yet another energy related cost onto Australian industries in an environment where cost increases are all too frequent. This will also impact our members' abilities to decarbonise as they change their site and need to renegotiate connection agreements.

While AEMO's proposed requirements and thresholds may be practical for application to data centres and hydrogen production facilities that consist of many identical modular, mono-technology systems, the application of the same requirements to facilities that are more complex may have unintended consequences.

AEMC should consider the practicalities and scope of the proposed rule change for facilities that are not comprised of modular mono-technology systems.

From these perspectives and based on the one example of a cascading contingency occurring, it would appear that it is not the size of the IBL that is important, but the concentration and ratio of IBL to traditional loads.

It is the EUAA's view that a targeted rule change aimed at the particular risks identified by AEMO in relation to IBL is a better option than a rule change that captures many industrial loads which have proven over time to be of no issue.

EUAA members believe that the evidence will suggest a threshold of 70-100MW of IBL at a site, which would be more practical, manageable by all electricity participants and would resolve the issues highlighted in AEMO's thesis. We strongly recommend that the rule change only apply to sites with IBL larger than this threshold.

While the EUAA supports the non-retrospective nature of the proposed rule change, EUAA recommends that AEMC needs to re-define when changes to existing loads would be captured by the proposed rule change. A change in network connection agreement (as opposed to a new connection agreement), for example, is a very low bar that can be triggered for any number of reasons.

It is EUAA's view that the proposed rule should only apply when there is a "material" change to the operations of the load, for example, a complete change in industry or type, order of magnitude change in scale, or change which would require a new connection agreement with the NSP. Minor, or even moderate changes, to a load should not trigger the proposed rule. Similarly, if a site is significantly expanding requiring a new supply point and connection agreement, the existing plant should remain exempt from the proposed rule change.

As a general comment on AEMC's Consultation Paper, it is unclear as to which of our members are included and which are not as the Consultation Paper at times refer to IBL, IBR, Large IBR and Large IBL interchangeably. Likewise, IBL is sometimes referred to as "inverter" technology and at other times "converter" technology, and as stated above, variable speed drive pumps are driven by inverters and it is unclear whether these are captured or not. In addition, we ask the question: are the proposed IBL thresholds per device (i.e. if every IBL device is under 5MW), or are they cumulative per the site (i.e. 5 x 1MW IBL devices)?

This apparent confusion is brought about by the current definition of Inverter-Based Load in the NER, which is not clear and may be misinterpreted by consumers. EUAA understands that it was AEMO's intention to include rectifiers, variable frequency and variable speed drives etc in the current proposed rule change. We note the "new" version of the definition, and while it "seems" simple to just refer to the IBR definition, IBR and IBL, while similar, are very different technologies, one specifically controlling electricity output from a generator or storage, the other specifically controlling electricity input to a device.

EUAA recommends that AEMC re-write the definition of both IBL and Large IBL to be clear and not open to interpretation or "grey" areas, including a defined size (we recommend a base for Large IBL of 70-100MW).

Should new technologies be created in the future, the definitions can be updated as required.

Once these definitions are written, we recommend AEMC review the Consultation Paper so that the correct word is used at each location. This will ensure that when AEMC write their draft Determination, stakeholders will understand what it means to them at each point.

The EUAA supports proposed rule changes where evidence points to an issue and the proposed rule change clearly leads to improved efficiency of markets and/or improved system security and where the costs and risks are appropriately allocated to those best able to manage them. In the case of this rule change proposal, some of the

proposed thresholds do not appear to have adequate evidence to support AEMO's proposals, and some of the AEMO's proposals shift risk from the NSPs to the consumers. The EUAA does not support approaches that lack evidence or require consumers to perform activities best managed by the NSP's, e.g. consumers do not have the Power System Engineers required to perform some of the tasks set out in the proposed rule change.

RESPONSE TO SELECTED CONSULTATION QUESTIONS

Question 1: Defining large loads in the context of this rule change request

In the context of this rule change request and AEMO's ongoing consideration of the definition for large loads through its Large Loads Review:

1. *Are stakeholders supportive of AEMO's ongoing process to address the system security implications and performance standards for large loads, including how large loads ought to be defined in the NER?*

While we are supportive of the current approach, we consider that AEMO/AEMC needs to design this rule change to address the issue it has identified: Significant volumes of Large IBL co-located within the same network topography.

This is a different issue to the one considered in the Package 1 consultation that defined single facility loads as:

> *A single facility load is a load that forms part of a single installation (as distinct from the connection between a transmission and distribution network).*
>
> *It may have one or more physical connection points, which are in electrical proximity to each other, and the plant within the facility can be described as one geographical location, so that most power system disturbances affect power delivery to the facility as a whole. A single facility load may have different types of load technologies. For the purposes of the technical requirements of Schedule 5.3, a single facility load is 5 MW or greater.*

This is also different to NER Clause S5.3.10 that requires facilities with peak demands in excess of 10MW to provide automatic interruptible load.

In both of these cases, the outcome was solutions focussed, and not trying to create one trigger for different impacts. Again, the solution needs to fit the problem: Large IBL.

2. *To what extent do stakeholders think that the Commission should consider the definition of 'large loads' in the context of this rule change?*

We believe that the AEMC needs to provide a definitive definition for resolving the issue that has been identified and this rule change targets, that is Large IBL, which is different from large loads or single facilities. In defining Large IBL, the definition needs to state a size (we recommend a minimum of 70-100MW), and a percentage of load at the site that takes into account the shock absorbing nature of traditional loads. In this way, the rule targets the problem and does not inadvertently capture all current large loads and/or single facilities when they expand or rebuild for the purpose of decarbonisation.

3. *If it is considered, should large loads be defined based on the relevant access standard, or should a large load be more holistically defined in the NER?*

Given the issues identified by AEMO, Large IBL should be holistically defined in the NER. While AEMO has provided evidence that Large IBL totalling hundreds of MW in the same network topography can cause issues, they have not provided any evidence that this occurs with 5MW at a single facility nor any other level as a concern. Page 19 of the Consultation Paper confirms the "scale" of the problem of concern:

> *For example, if a large load of approximately >100MW were to disconnect from the power system in response to a high-frequency event, this would further destabilise system frequency, thereby worsening the disturbance and risking broader impacts on electricity supply.*

4. *Alternatively, should we consider whether to apply guiding principles and timing for AEMO to produce a proposed definition, which is currently being considered in AEMO's Large Loads Review?*

Given AEMO have been working on a definition of large loads to address this issue for over two years, we believe AEMC should make the definition based on the problem AEMO has identified: Large IBL >100MW.

Question 2: Amending the NER to address the influx of large loads

2. *Do stakeholders agree with AEMO that the expected growth of large loads may present a risk to power system security?*

We agree with AEMO that the expected growth of Large IBL, specifically hydrogen production using electrolysis or thyristors, and data centres, may present a risk to power system security. However, this concern does not translate to traditional large loads that have historically provided a shock absorbing service to the NEM.

Question 3: HVDC links to procure system strength services from third parties

In relation to AEMO's proposal to amend NER clause S5.3a.7 to allow all HVDC links to procure system strength services to meet the short circuit ratio requirement of 3.0:

1. *Do stakeholders agree that the NER should be amended to allow HVDC link owners to procure system strength services from third parties? Is the current inability to do so a material problem, or will it become a material problem?*

We agree that the NER should be amended to allow HVDC link owners to procure system strength services from third parties.

2. *Do stakeholders consider the proposed rule should replicate the corresponding NER clause S5.2.5.15 for generating systems and IRS to promote consistency?*

Yes.

3. *Do stakeholders consider that procurement should be subject to agreement between the HVDC link owner, NSP, system strength provider, and AEMO? Do stakeholders have any views as to how involvement from AEMO in such an agreement would operate?*

The procurement should be subject to agreement between the HVDC, system strength provider and the NSP. AEMO has a role to play in modelling and managing any shortfall in system strength, but does not need to be a signatory to an agreement between the system strength provider and the HVDC link owner.

Question 4: Limiting short circuit ratio requirements for customer loads to IBR, and introducing flexibility to the access standard

In relation to AEMO's proposal to limit the application of short circuit ratio requirements under clause S5.3.11 to large inverter-based resources that is IBL:

1. *Do stakeholders consider it an issue that the short circuit ratio requirements under clause S5.3.11 apply to all IBR plant without any size threshold?*

Note that, as described in our introduction, AEMC is using Inverter based Resource (IBR) and IBL interchangeably in this series of questions. IBR and IBL are very different technologies. This is due to AEMO's definition in their System Strength Impact Assessment Guidelines (SSIAG), which was an overly simplistic way to create a definition and has given rise to many flawed outcomes with the development of the solution to the problem AEMO identified.

a. *Should it only apply to large inverter-based resources as defined in AEMO's SSIAG?*

The short circuit ratio requirements should apply to large IBL above a threshold that has been identified as a problem (we recommend 70-100MW). No evidence has been provided that suggest the current >30MW IBL installations at our members sites have created an issue that needs resolving through active management at those sites.

b. *Is the definition of a large inverter-based resource in the SSIAG sufficient for the purposes of this proposal?*

For clarity, the current SSIAG in section 2.2 define IBL as:

> d. *AEMO considers that the size of plant (other than a production unit) or IBR should be determinative of the need for a system strength impact assessment. Hence, the key criterion for classifying plant (other than a production unit) as an IBL or an IBR as an LIBR is a minimum capacity of 5 MW or 5 MVA.*
> e. *For clarity, it is noted that plant (other than a production unit) can only be an IBL if it also meets the criteria inherent in the NER definition of inverter-based load itself. That is, the plant (other than a production unit) must be:*
> i. *supplied by power electronics, including inverters; and*
> ii. *potentially susceptible to inverter control instability.*

As stated above, many of our members have more than 30MW of IBL and are unaware of system strength issues caused by them. From that perspective, and that the current definition assumes IBL behaves in the same way as

IBR, we strongly believe the SSIAG are inadequate for this proposal (and the SSIAG). The base level of IBL to trigger a system security impact assessment, or be subject to the relevant access standard should be in the range 70-100MW, and take into account the ratio of traditional load to IBL at the site. We believe 5MW is far too low. AEMO has not provided evidence that our members with more than 30MW of IBL have caused any system security issues. Setting the level of IBL too low will inhibit investment and limit our members decarbonisation opportunities.

2. *Are there alternative solutions stakeholders consider would be more effective?*

AEMO and AEMC have defined the problem very clearly, however AEMO has not tested the smallest end of the problem, that is what level of IBL is acceptable without causing any system security issues?

Given evidence from our members that have more than 30MW of IBL already, the alternate solution that would be more effective is to target IBL that is greater than 70-100MW.

3. *Do stakeholders have any concerns or suggestions in relation to this element of AEMO's proposed rule? If so, please describe your concerns and any related suggestions and reasoning.*

Our biggest concern is that AEMO and AEMC will create unnecessary red tape for our members wishing to expand and/or rebuild their assets, particularly for decarbonisation. If the barrier is too high i.e. low levels of IBL (<70MW) are captured, then divestment and/or no re-investment are real outcomes. This could ultimately work to stymie government objectives under the Safeguard Mechanism as it places further barriers to low-emissions technology adoption.

In relation to AEMO's proposal to amend the NER to introduce flexibility in clause S5.3.11 to allow the NSP and AEMO discretion to agree to a minimum short circuit ratio requirement above the minimum requirement of 3.0:

1. *Do stakeholders agree there should be flexibility to agree to higher short circuit ratio requirements? Could there be unintended consequences?*

We agree that flexibility is needed to agree to higher short circuit ratio requirements, which we understand already occurs between the NSP and consumer. As AEMO pointed out, the required short circuit ratio can change drastically dependent on the location within an NSP's network based on whether the network is weak or strong in that location, pointing to the NSP as the source of truth.

2. *Are there alternative solutions stakeholders consider would be more effective?*

For the vast majority of large load, the relationship to set and/or negotiate a mutually beneficial short circuit ratio should remain with the relevant NSP. AEMO should only be involved where they can demonstrate that setting too high a short circuit ratio has broader impacts than the connecting NSP. While AEMO have argued that this is the case for Large IBL (>100MW), the proposed rule change covers all connections with >5MW of IBL.

3. *Do stakeholders have any concerns or suggestions in relation to this element of AEMO's proposed rule? If so, please describe your concerns and any related suggestions and reasoning.*

Our biggest concern is that AEMO and AEMC will create unnecessary red tape for our members wishing to expand and/or rebuild their assets, particularly for decarbonisation. If the barrier is too high i.e. low levels of IBL (<70MW) are captured, then divestment and/or no re-investment are real outcomes.

Question 5: New definitions for protection systems

In relation to Rod Hughes Consulting's Definitions of protection system requirements rule change request:

1. *Do stakeholders agree that the requirements for generator protection systems are currently unclear? If so, what are the impacts of this lack of clarity?*

We agree that the current generator protection system requirements are currently unclear, leading to confusion, misunderstandings and different practices becoming the norm across the NEM.

   a. *Similarly, do stakeholders consider the requirements for loads' and HVDC links' protection systems are currently unclear?*

As with generators, the requirements for loads and HVDC links are also unclear.

2. *Do stakeholders support the proposal to update and add new NER definitions for types of protection systems?*

We support new definitions in the NER that clarify the protection system requirements for all connections to the NEM.

Question 7: Provision of information on ride-through capability

In relation to AEMO's proposed changes to enable NSPs to request information on loads' ride-through capability:

1. *Do stakeholders agree that NSPs and AEMO lack visibility of loads' ride-through capability and that this creates a challenge for system security?*

AEMO have again misrepresented the problem. The issue is Large IBL, not large loads. AEMO has provided no evidence of existing large loads tripping off with system disturbances, but has provided evidence that Large IBL tripping can cause cascading system security issues. Our members have set ride-through capability with their NSP on the basis of equipment and network protection. We do not believe it is consistent with the NEO that large loads should take on system management responsibilities that are best managed by the NSP. This is not to say that large load, or consumers in general, have zero responsibility just that the responsibility, risk and solutions should predominantly sit with energy experts not people who are focussed on making steel or aluminium.

2. *Do stakeholders support AEMO's proposed rule to require network users to provide information about connecting load's ride-through capability to the NSP on request?*

By accurately identifying the "problem", the solution can be targeted and not abstract i.e. there might be an argument that Large IBL need to provide information to AEMO about ride-through capability, however there is no evidence that traditional loads need to do the same.

3. *Do stakeholders have any concerns or suggestions in relation to this element of AEMO's proposed rule?*

Again, AEMO expects large loads to become electricity industry experts. The electricity industry exists to serve its customers not the other way around. It is not an attractive sales pitch to large load investors that "to protect the NEM, consumers must set up ride-through capability to damage the consumers own equipment". This sales pitch will also reflect poorly on AEMO.

Question 8: Protection settings to maximise ride-through performance

In relation to AEMO's proposed changes to amend clause S5.3.3(c) of the NER to encourage protection settings that maximise loads' ride-through capability:

1. *Do stakeholders agree that the current arrangements allow conservative load protection settings that may unnecessarily reduce loads' ride-through capability?*

Large loads have invested in their equipment on site and it is their right to protect that equipment by deliberately setting ride-through capability low. However, our members work with their NSP to set their ride-through capability as high as possible, without risking their investment. This arrangement should not be changed.

2. *Do stakeholders support AEMO's proposed rule requiring cooperation between the NSP and the network user in the design of protection systems and settings to maximise ride-through capability?*

This already happens as part of the Connection Agreement process; however, we would support a consistent approach across NSPs, noting that the networks across Australia are very different and have different risks associated with them that may make a consistent rule difficult and/or expensive to implement.

3. *Do stakeholders have any concerns or suggestions in relation to this element of AEMO's proposed rule? If so, please describe your concerns and any related suggestions and reasoning.*

Implementation cost for NSP's and protection of large loads investments should be key considerations in establishing a single NEM-wide rule for ride-through capability. Additionally, the current drafting of the proposed rule change includes the wording:

> *While a schedule 5.3 plant is permitted to disconnect for conditions that exceed the requirements for it to remain in operation under any individual performance standard, sub-paragraph (2) confirms that protection settings should allow for operation beyond those limits where reasonable.*

We ask, what does "where reasonable" mean? Does "where reasonable" allow consumers to protect their investment from power system disturbances, or does "where reasonable" allow NSP's or AEMO to protect their own interests over the consumers? The final rule needs to strike a balance between the needs of the large load consumer and those of the NSP and AEMO, with this balance being described explicitly.

Further, the drafting refers to the concept of "*Good electricity industry practice*" which is defined in the NER as:

> *The exercise of that degree of skill, diligence, prudence and foresight that reasonably would be expected from a significant proportion of operators of facilities forming part of the power system for the generation, transmission or supply of electricity under conditions comparable to those applicable to the relevant facility consistent with applicable regulatory instruments, reliability, safety and environmental protection. The determination of comparable conditions is to take into account factors such as the relative size, duty, age and technological status of the relevant facility and the applicable regulatory instruments.*

Given that consumers in general do not operate in the electricity industry, but use electricity as an input to their own facility, it is not reasonable to expect consumers to know what this term is, nor have the skills to be able to guarantee that they meet this requirement. Again, AEMO are asking for consumers impacted by this proposed rule change to have Power System Engineers on staff.

Question 9: New access standard for detection and response to instability

In relation to AEMO's proposed new access standard for detection and response to instability that would apply to large inverter-based loads:

1. *Do stakeholders agree that there is an emerging need for large inverter-based loads to play a role in managing instability in the NEM?*

With the evidence provided, and the incident in Data Centre Alley, we agree that Large IBL has a role to play in managing instability in the NEM.

2. *Do stakeholders support AEMO's proposed new access standard for instability detection and response by loads as set out in Box 4?*

We do not support AEMO's proposed new access standard for instability detection and response by loads.

   a. *Which parts of the proposal do stakeholders support, or oppose?*

We do not support linking the access standard to the current form of the SSAIG. The SSAIG has an IBL limit of 5MW, which AEMO has not provided any evidence to justify this conservative limit of IBL to trigger compulsory instability detection and response. We argue that the 5MW limit is spurious and needs to be taken in context. AEMO might have a case if the 5MW IBL is part of a total 6MW load, but no case if the 5MW is part of a 50MW load. We support evidence-based policy, and there is no evidence for this level of conservatism.

On the other hand, AEMO have provided evidence that IBL of 100MW or larger creates system security issues and therefore we support the measures proposed in Box 4 for >100MW IBL.

b. Do stakeholders agree with the materiality thresholds for application of the automatic access standard and minimum access standard (see Table 4.2)?

As above, we support evidence-based decision making. AEMO or the NSP need to be certain that 5MW of IBL or above will contribute to instability, not just "consider" that it will. Using a word like "consider" will effectively make the rule compulsory as the uncertainty of the wording encourages conservatism in decision making, especially when it is somebody else paying (i.e. the connecting consumer). The NER should not be making it more expensive to gain a connection to the NEM due to conservatism. The NER should only make it more expensive to connect when the evidence supports the extra cost borne by the connecting consumer.

3. Do stakeholders have any concerns or suggestions in relation to this element of AEMO's proposed rule? If so, please describe your concerns and any related suggestions and reasoning.

As above.

Question 10: Under-frequency ramp down of large loads

In relation to AEMO's proposed changes to amend the NER to facilitate the ability for loads to ramp down:

1. Do stakeholders agree some loads may be more flexible with the ability to ramp down their load in an emergency rather than disconnecting in blocks?

We agree that "some" interruptible loads may be able to ramp down rather than disconnecting interruptible loads in blocks, however the discretion to do so should always lie with the consumer, and not be a direction or requirement of the NSP or AEMO.

2. Do stakeholders agree that the NER should be amended to allow for the provision of interruptible load by way of fast ramp down?

We agree that the NER should be amended, however wording needs to reflect that the ramping down or block disconnection is at the discretion of the consumer.

3. Do stakeholders have any concerns or suggestions in relation to this element of AEMO's proposed rule? If so, please describe your concerns and any related suggestions and reasoning.

As above.

Question 12: Testing and commissioning

1. *Do stakeholders support AEMO's proposed amendments to clause 5.7.3 to refer to schedule 5 plant in respect of AEMO's ability to request compliance tests for registered plant?*

We understand that Schedule 5 plant are already required to perform compliance testing in accordance with their negotiated network connection agreement. Under these agreements, it is normal for the NSP to request re-testing for compliance should the plant be found by the NSP to be creating system strength or other issues. We believe this is appropriate as the primary responsibility for system management still resides with the NSP, being the system experts. Therefore, we recommend this arrangement should continue.

2. *Do stakeholders support AEMO's proposed changes to clauses 5.7.2 and 5.7.3 to extend the rights for testing of power system plant to apply to non-registered schedule 5 plant?*

As above, we support evidence-based decision making. AEMO or the NSP need to be certain that non-registered schedule 5 plant contribute to instability, not just "consider" that it will. Using a word like "consider" will effectively make the rule compulsory as the uncertainty of the wording encourages conservatism in decision making, especially when it is somebody else paying (i.e. the connecting plant). The NER should not be making it more expensive to gain a connection to the NEM due to conservatism. The NER should only make it more expensive to connect when the evidence supports the extra cost borne by the connecting party.

3. *Do stakeholders support AEMO's proposed changes to the NER to extend the requirement for coordinating commissioning procedures for non-registered schedule 5 plants with a maximum capacity equal to or greater than 30MW of 30MVA?*

As above, we support evidence-based decision making. AEMO or the NSP need to be certain that non-registered schedule 5 plant contribute to instability, not just "consider" that it will. Using a word like "consider" will effectively make the rule compulsory as the uncertainty of the wording encourages conservatism in decision making, especially when it is somebody else paying (i.e. the connecting plant). The NER should not be making it more expensive to gain a connection to the NEM due to conservatism. The NER should only make it more expensive to connect when the evidence supports the extra cost borne by the connecting party.

4. *Should the Commission consider extending enforceability and compliance requirements under rules 4.14 and 4.15 to all 'schedule 5 participants', which includes non-registered participants?*

The AEMC should only consider changing rules where evidence is provided that the rules are ineffective or not functioning as was intended. AEMO has not provided this evidence for non-registered participants, only that it "considers" an issue exists. This is a very loose argument to base a rule change and would set a dangerous precedent for the level of evidence required for a rule change.

5. *Do stakeholders have any concerns or suggestions in relation to this element of AEMO's proposed rule? If so, please describe your concerns and any related suggestions and reasoning.*

As above.

Question 13: Extension of time for complex issues in future access standards reviews

In relation to AEMO's proposal to amend clause 5.2.6A of the NER to allow flexibility for extending the time limit for completing each review:

1. *Do stakeholders agree that the requirement to complete each review within 12 months of the approach paper being published is too inflexible or may inhibit proper analysis and consultation?*

We consider that AEMO has over-complicated the current review, particularly for large loads. The EUAA has been involved with several meetings with AEMO, and at every meeting, and every consultation paper, AEMO identified the problem as Large IBL within the same network topography, however insisted at every step to drag all large consumers above 5MW load into the same debate.

As such, we do not support changing the current 12-month limit to reviews as the 12-month limit is intended to focus AEMO to concentrate on the problem and not create problems that don't exist.

2. *Do stakeholders consider that AEMO should be responsible for setting a new date for publication of the final report? Is there an alternative approach that would better address the issue?*

We do not think this is appropriate. AEMO should be held to the original dates.

3. *Do stakeholders agree that AEMO should publish a notice when an extension is needed, outlining the reasons as they may relate to complexity/difficulty, or a material change in circumstances?*

EUAA agrees that AEMO should be required to publish a notice for any work that is delayed, specifically detailing the reasons for the extension/delay. We do not support AEMO providing "outlines" as excuses to delays.

4. *Do stakeholders have any concerns or suggestions in relation to this element of AEMO's proposed rule? If so, please describe your concerns and any related suggestions and reasoning?*

As above.

Question 14: Assessment framework

1. *Do you agree with the proposed assessment criteria? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?*

We agree with the assessment criteria, however given the potential for this rule change to impact traditional large loads from decarbonising their facilities, we consider that an additional assessment criterion regarding reducing Australia's greenhouse gas emissions is warranted.

CONCLUDING REMARKS

The EUAA supports proposed rule changes where evidence points to an issue and the proposed rule change clearly leads to improved efficiency of markets and/or improved system security and where the costs and risks are appropriately allocated to those best able to manage them. In the case of this rule change proposal, some of the

proposed thresholds do not appear to have adequate evidence to support AEMO's proposals, and some of the AEMO's proposals shift risk from the NSPs and AEMO to consumers.

The EUAA does not support approaches that lack evidence or require consumers to perform activities best managed by the NSP's, e.g. consumers do not have the Power System Engineers required to perform some of the tasks set out in the proposed rule change.

However, we consider that there are some good elements to the proposed rule change, and have indicated our support through our submission where appropriate.

As a general approach, the components of this rule change that are backed by evidence are what we support, i.e. Large IBL >100MW can cause system security issues and therefore should contribute to reversing their impact through investment and transparency requirements.

We do not, however, support the simplification of the issue and creating requirements down to single facilities with >5MW IBL, purely for consistency in the NER. Our members can demonstrate that IBL up to 30MW on their non-mono-technology sites do not impact system security. The evidence all points to Large IBL >100MW with predominantly mono-technology loads.

The EUAA welcomes further discussions with us and our members around the issues raised in this submission.

Do not hesitate to be in contact with EUAA Policy Manager Dr Leigh Clemow, should you have any questions.

Andrew Richards
Chief Executive Officer