

1 July 2025

Project Leader
C/o Australian Energy Market Commission

Lodged electronically: via AEMC website

Dear Project Leader

Clarifying Registration for Non-generating Units providing System Security Services - Consultation Paper (Stage 1)

EnergyAustralia (EA) is one of Australia's largest energy companies with around 2.4million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. We own, contract, and operate a diversified energy generation portfolio spanning coal, gas, battery storage, demand response, solar, and wind assets. Combined, these assets comprise over 5GW of generation capacity.

EA welcomes the opportunity to comment on the AEMC's Consultation Paper to the Clarifying Registration for Non-generating Units providing System Security Services rule change (Consultation Paper).

The Consultation Paper presents a rule change proposal to enable registration of non-generating units, such as the conversion of retiring thermal plant into synchronous condensers (syn cons), to provide essential system services (ESS). We support this proposal noting that the NER requires ESS contract providers to be registered participants and that non-generating units are currently unrecognised in this context unless they are operated by a transmission network business.

EA notes that while a broad range of technologies can (or could) provide ESS, syn cons are currently favoured by AEMO and transmission network operators (TNSPs) because of its ability to provide a range of services needed to balance and secure the grid. Current NER security frameworks, recently amended via the Improving Security Frameworks¹ rule, require TNSPs to procure system strength and inertia to meet minimum levels set by AEMO. Although network investments are expected to provide an increasing role in ESS provision as thermal retirements increase, non-network options, including converted or modified generators, should be explored and barriers removed, to ensure they can be pursued as a cost-efficient alternative.

As part of this rule change, we encourage the AEMC to examine the regulatory framework and incentives on TNSPs to consider non-network options, including how they notify the market, assess proposals, justify decisions, negotiate fair and equitable commercial terms, and possible improvements to increase reporting transparency.

Registration Pathway

EA understands that the AEMC are considering two alternative approaches to registration of non-generating units supplying ESS – the proposal to create a new category or options to amend the existing Integrated Resource Provider (IRP) category.

¹ [Improving security frameworks for the energy transition | AEMC](#)



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EA understands from the Consultation Paper that AEMC's preference is to utilise the IRP category on the basis that it provides a *"technology-neutral, service-based approach which simplifies the rules and allows for greater flexibility for future innovation"*². We recognise the AEMC's reluctance to create a new registration category because it would *'create a more rigid and complex rule structure'*³ over time.

However, we disagree with the AEMC's assessment:

- EA believes it would be easier to make the rule change as proposed. That is, creating a new separate category which is purposely designed for this type of registration. Doing so, will be administratively simpler for AEMO to implement, and will allow non-generating units to provide the full suite of services, which would otherwise be limited under the IRP category.
- There may be a small number of non-generating unit participants registered in the market. But each conversion or other new private-owned asset (with the right market settings) could be lower cost compared to a network investment/s in the same geographic area. Additionally, by repurposing exist infrastructure, it would likely be larger in scale with a faster operational timeline, representing cost and service efficiencies for consumers. Further, locating assets which can provide system strength in the same location as where it was originally supplied, will avoid duplicated investments and deliver a better grid stability outcome to the region. These significant benefits, in our view warrant a registration category and process that provides flexibility and fast registration without legal or regulatory complexity in definition or purpose.
- A specific registration classification would be simpler to create and operate, compared to the assessment and likely modifications required to the IRP category and corresponding market operation procedures. It has the additional benefit of being able to be used for all non-generating technologies, making it technology neutral.
- To implement the trader-services model proposed by the ESB in their Post 2025 reforms and supported by the AEMC⁴, creation of a bespoke registration pathway for non-generating units could be viewed as a transitional step towards a broader service-based application review of the registration and classification framework.

If you would like to discuss this submission, please contact me on 0422 399 181 or Dan.Mascarenhas@energyaustralia.com.au.

Regards

Dan Mascarenhas

Regulatory and Markets Principal

² AEMC Clarifying Registration for Non-Generating Units Providing System Security Services; Pg 10

³ AEMC Clarifying Registration for Non-Generating Units Providing System Security Services; Pg 10

⁴ AEMC Clarifying Registration for Non-Generating Units Providing System Security Services; Pg ii