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Chair
Australian Energy Market Commission

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Clarifying Registration for Non-Generating Units Providing System Security Services

Origin Energy Limited (Origin) welcomes the opportunity to provide comment on the Australian Energy Market Commission's (AEMC) *Clarifying Registration for Non-Generating Units Providing System Security Services – Consultation Paper*.

As the national electricity market (NEM) transitions, there will be challenges in the procurement of essential system services, particularly in areas where coal-fired power stations have retired and renewable generation is dominant. To maintain power system security and reliability, these services, currently provided by thermal generators, will need to be sourced from other technologies such as synchronous condensers and grid-forming inverters. The National Electricity Rules (the Rules) should accommodate this evolving technical and operational landscape.

However, the existing registration categories in the Rules, such as Generator or Market Ancillary Service Provider, are generally designed for energy-producing assets. Synchronous condensers and other non-generating technologies do not fit neatly into those categories and may face a barrier to market access and participation, with unclear responsibilities, rights and obligations for asset owners.

Origin supports CS Energy's proposal to overcome this problem by incorporating a specific registration category for "non-generating system service providers" in the Rules.

The new category would establish a technologically-neutral pathway that clearly aligns the registration process with the operational characteristics of these units, ensuring they are able to be appropriately recognised, integrated in the broader NEM and regulated. Moreover, it would provide legal standing and well-defined operational rules to incentivise timely investment in services required to maintain a secure and resilient power system.

While the AEMC's preference is for non-generation system service providers to adopt the existing Integrated Resource Provider (IRP) registration category, this would require those assets to be classified as bi-directional units, and potentially be at odds with existing definitions in the Rules. This contradiction and any associated legal uncertainty could be addressed through an appropriate revision to the IRP registration category. However, it would also require a comprehensive review of the Rules and associated Guidelines to address any broader regulatory inconsistencies and unintended consequences.

Origin considers that the establishment of a new category would be a fit-for purpose and targeted solution that is far more administratively simple by comparison.

If you wish to discuss any aspect of this submission further, please contact Steve Williams at steve.williams@originenergy.com.au.

Yours sincerely,

A handwritten signature in black ink that reads "S Cole". The "S" is stylized and cursive, followed by the name "Cole" in a similar but slightly more upright script.

Shaun Cole
Group Manager, Regulatory Policy