

Clarifying registration for non-generating units providing system security services

The Commission has published a draft determination and rule to clarify registration arrangements for standalone synchronous condensers

The Commission has made a draft rule to clarify participant registration arrangements for standalone synchronous condensers. This draft rule clarifies the application of the integrated resource provider (IRP) registration category by adding a note to clause 2.3.4(b) of the National Electricity Rules (NER).

Standalone synchronous condensers are synchronous condensers that do not form part of a generating system or are not a network asset. These facilities may contribute to an efficient mix of generation, network, and other assets that deliver essential system security services, most notably system strength and inertia, as the power system evolves.

The draft rule would provide clarity and confidence in the registration of standalone synchronous condensers in the NEM, thereby supporting the confidence necessary for investment in such plant.

The draft rule provides clarity on the application of existing registration arrangements to standalone synchronous condensers

The draft rule addresses the issues raised in CS Energy's rule change request. CS Energy considered that existing participant registration categories, which are not explicit in their application to standalone synchronous condensers, could preclude their ability to provide the full range of system services. CS Energy requested that a new participant registration category be implemented to address this gap.

The draft rule addresses the issues raised by CS Energy by clarifying the application of existing arrangements. The draft rule clarifies the application of the IRP category, which the Commission considers allows registration in respect of standalone synchronous condensers and enables the full set of system security services to be provided by these plant.

The draft rule specifically clarifies that a participant may register in respect of a standalone synchronous condenser connected at a market connection point by adding a note to this effect in clause 2.3.4(b) of the National Electricity Rules (NER). A note in the NER helps readers understand, navigate and interpret the Rules. It conveys the Commission's intent and provides is therefore a means of explicitly addressing coverage of standalone synchronous condensers.

The draft rule is the simplest approach to promoting efficient system security provision from stand-alone synchronous condensers

The Commission has considered the NEO and the issues raised in the rule change request, and assessed the draft rule against four assessment criteria outlined below.

- **Safety, security and reliability** - The Commission considers the draft rule would both enhance NEM safety, security and reliability, as clear registration pathways for standalone synchronous condensers will support timely investment, thereby providing the system security services needed to maintain system security as existing thermal generation exits the market.
- **Principles of market efficiency** - The draft rule would enhance market efficiency in delivering system security services, particularly system strength and inertia, by enhancing investment certainty. Enhanced investment certainty would increase levels of competition and may decrease overall costs for consumers.

- **Principles of good regulatory practice** - The Commission considers that the draft rule is consistent with the principles of good regulatory practice as it promotes predictability, stability, and transparency for investors. The draft rule is the simplest feasible approach to addressing the issues raised in the rule change request.
- **Implementation considerations** - The draft rule represents the most timely possible solution, minimising rule change and implementation timelines. The Commission considers that simple, timely measures deliver early certainty, helping to guide investment decisions.

We encourage you to make a submission

The Commission is seeking written submissions on its draft determination and rule.

To make a submission, go to the Commission's website, www.aemc.gov.au, find the "lodge a submission" function under the "Contact Us" tab, and select the project reference code ERC0402. **Submissions are due by 23 October 2025.**

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