

23 October 2025

Australian Energy Market Commission (AEMC)

Via AEMC website: www.aemc.gov.au

Clarifying registration for non-generating units providing system security services

Alinta Energy welcomes the opportunity to provide feedback on the draft determination proposing changes towards clarifying registration arrangements for non-generating units, particularly standalone synchronous condensers, providing system security services.

The establishment of a new participant registration category best addresses the issue raised by CS Energy

As noted in our response to the initial consultation paper¹, Alinta Energy:

- Supports the intention of CS Energy’s proposal: ensuring non-generating system service providers are able to register to provide system security services, thereby supporting investment in non-network, non-generator plant in providing system security services;
- Agrees that by allowing repurposed synchronous generators as standalone synchronous condensers to register as NEM participants, this will result in a more efficient and cost-effective manner to provide system services, positively contributing to the NEO; and
- Considers Option 1 – the establishment of a new participant registration category– best addresses the issue identified: clarifying the participant registration arrangements for standalone synchronous condensers.

The proposed draft rule does not adequately address the issue raised, and creates further ambiguity

The AEMC’s proposal² to add a clarifying note within clause 2.1B.2(a)(1) of the NER – ‘Registration as an Integrated Resource Provider’ will not resolve the issue raised by CS Energy and will add ambiguity³.

The AEMC’s intention of using the Integrated Resource Provider – primarily designed for bi-directional and hybrid units that supply electricity and not ESS - as a “catch-all registration category”⁴ lacks clarity in that it fails to incorporate the intended ESS service of a standalone synchronous condenser. This would give rise to ambiguity in the interpretation of this clarifying note where the NER definition of a bi-directional unit is stated as “a production unit that also consumes electricity”⁵. Consequently, this would not address the clarity sought by the proponent in establishing the ability of standalone synchronous condensers to register as a *Registered Participant*.

¹ Alinta Energy submission to the AEMC Consultation Paper, 3 July 2025.

² AEMC Draft Determination, p2.

³ CS Energy submission to the AEMC Consultation Paper, 3 July 2025, p2.

⁴ AEMC Draft Determination, p3.

⁵ NER Chapter 10(B).

Secondly, uncertainty remains on the ability to enforce standalone synchronous condensers providing the full range of system services with the proposed clarifying note.

In the NEL, within Schedule 2 addressing interpretation⁶, it clearly outlines under ‘Material that is, and is not, part of Law’⁷: “A note at the foot of a provision of this Law does not form part of this Law”⁸. Part 1 of Schedule 2 states this applies to “this Law, the Regulations, or other statutory instrument”⁹. It continues however, that:

“the application of this Schedule to the National Electricity Rules (other than clauses 7, 12, 15, 17, 19, 23 to 26 and 31 to 34, 39, 42 and 43 of this Schedule) may be displaced, wholly or partly, by a contrary intention appearing in the National Electricity Rules.”¹⁰.

The NER mirrors this intention by stating:

“It is not intended that any of the following provisions of Schedule 2 to the NEL should apply to the Rules: Clauses 2, 4, 9, 10, 11, 21, 28, 29, 30, 31AH, 35, 36, 37 and 38”¹¹.

However, the NER does not convey an express intention that the clarifying notes within the Rules *are to be* interpreted as a direct provision in the NER. Therefore, this serves to create uncertainty when considering the enforcement of the clarifying note under the NEL’s direction within Schedule 2¹². Additionally, should the aforementioned clause applying to notes within the NEL¹³ *not* apply to the NER, this doesn’t clarify whether the NER intends clarifying notes to be part of the Rules and thus be enforceable.

The consequence of the uncertainty a clarifying note creates under the law may deter potential investment in standalone synchronous condensers, should the validity of the note be challenged.

We therefore recommend the AEMC reconsider CS Energy’s proposal to establish a new participant registration category to both resolve the ambiguity that would arise with its recommendation of adding a note to clause 2.3.4(b) of the NER.

Thank you for your consideration of Alinta Energy’s submission. If you would like to discuss this further, please get in touch with Isidora Stefanovic at isidora.stefanovic@alintaenergy.com.au.

Yours sincerely,

Isidora Stefanovic

Regulatory Specialist

⁶ NEL, Section 3, Schedule 2.

⁷ NEL, Section 3, Schedule 2, Part 2(4)(4).

⁸ NEL, Section 3, Schedule 2, Part 2(4)(4).

⁹ NEL, Section 3, Schedule 2, Part 1(1).

¹⁰ NEL, Section 3, Schedule 2, Part 1(2).

¹¹ NER Chapter 1, Rule 1.7.1.

¹² NEL, Section 3, Schedule 2, Part 2(4)(4).

¹³ NEL, Section 3, Schedule 2, Part 2(4)(4).