

Your ref: EPR0402

23 October 2025

Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Submitted online at: www.aemc.gov.au

Dear Project Leader

Submission: Clarifying registration for non-generating units providing system security services

CS Energy welcomes the opportunity to provide a submission in response to the Australian Energy Market Commission's (**AEMC's**) *Draft Determination – Clarifying registration for non-generating units providing system security services (Draft Determination)*.

About CS Energy

CS Energy is a Queensland-owned and based energy company that provides power to some of the State's biggest industries and employers. We generate and sell electricity in the wholesale and retail markets, and we employ almost 700 people who live and work in the regions where we operate.

CS Energy owns thermal power generation assets, and we are building a more diverse portfolio. We also have a renewable energy offtakes portfolio of almost 300 megawatts, which we supply to our large commercial and industrial customers in Queensland. CS Energy is developing a 400 MW gas-fired peaking generator at Brigalow near Kogan Creek in Queensland.

Overall views

As the National Electricity Market (**NEM**) transitions to a system with more variable renewable energy, the ability to effectively and efficiently manage grid security and reliability against this evolving landscape is crucial. Reforms are needed to ensure that essential system services (**ESS**) continue to be adequately supplied at least cost to maintain grid security as thermal synchronous plants exit the NEM.

In this context, CS Energy proposed a rule change to introduce a new registration category to enable non-generating units to supply non-network ESS. This rule change proposal is designed to address the lack of an appropriate registration category for non-generating units supplying ESS, including stand-alone synchronous condensers, under the National Electricity Rules (**NER**), which presents a barrier to participation.



Brisbane Office

PO Box 2227
Fortitude Valley BC Qld 4006
Phone 07 3854 7777



Callide Power Station

PO Box 392
Biloela Qld 4715
Phone 07 4992 9329



Kogan Creek Power Station

PO Box 41
Brigalow Qld 4412
Phone 07 4665 2500

CS Energy does not support the AEMC's draft preferable rule of clarifying existing arrangements for the *Integrated Resource Provider (IRP)* category. A new registration category would be more effective in removing the ambiguities and uncertainties regarding the appropriate registration for non-generating units to provide ESS.

Detailed comments

In its Draft Determination, the AEMC acknowledges the participation barrier and considers that it can be addressed by clarifying existing arrangements, despite most stakeholders supporting the introduction of a new registration category. Specifically, the AEMC proposes to clarify the application of the IRP registration category to synchronous condensers by adding a note to clause 2.3.4 (b) of the NER, which relates to the market connection point classification.

CS Energy considers this approach would not provide clarity in terms of an appropriate registration pathway for non-generating units supplying ESS that is not at risk of interpretation. This is because of the ambiguities in the application of the AEMC's proposed note and other substantive provisions in the NER if a non-generating unit seeks to register as an IRP. Specifically, the AEMC's proposed note is inconsistent with the substantive provision of clause 2.3.4 (b) of the NER.

Our view is that clause 2.3.4 (b) is designed to allow registration as an IRP on the basis of being a market connection point that is involved in purchasing and on-selling electricity from the national grid. It is, therefore, inconsistent with the proposed note that expands market connection points to include synchronous condensers that supply ESS.

While the AEMC and Australian Energy Market Operator (**AEMO**) regard otherwise, CS Energy considers that registration based on being a load (as an IRP) gives rise to the inherent uncertainty as to whether synchronous condensers are precluded from providing the full suite of ESS and limited only to providing load related services.

The AEMC notes that it is not aware of any rules related factor that would prevent IRP-registered synchronous condensers from delivering the full range of ESS. However, CS Energy considers the key source of uncertainty is the lack of provisions in NER with a registration category that explicitly enable these synchronous condensers to supply the full suite of services.

This AEMC's proposed framework relies too heavily on the prevailing interpretation by AEMO, which may evolve over time. Such an ambiguity is a key barrier to investing in new (or converting existing synchronous generators to) stand-alone synchronous condensers, considering the capital intensity and long lead-time of these assets.

Further, the AEMC's proposed note is designed only to cover synchronous condensers, but not other potential non-generating technologies that can supply ESS. This is lacking in foresight as a new well-designed registration category would not only remove ambiguities but also incentivise market participants to explore new emerging non-generating technologies that can supply ESS, which may increase the overall level and diversity of these services.

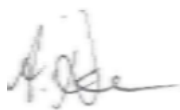
To conclude, CS Energy is still of the view that a new registration category would be most effective in removing the ambiguities regarding the appropriate registration for non-generating units supplying ESS. A new registration category contributes to the National Electricity Objective (**NEO**) as enabling more widespread investment in new synchronous condensers and repurposing of existing units into synchronous condensers are likely to:

- Improve system security outcomes through:
 - Increased supply of ESS; and
 - More efficient use of existing resources to provide ESS, which lowers costs for all consumers in the long run.
- Reduce greenhouse gas emissions by not only increasing the availability of less emission-intensive ESS¹ but also allowing for a higher level of renewable generation to be connected without compromising system security.

These potential benefits would most likely outweigh the costs associated with the introduction of a new registration category.

If you would like to discuss this submission, please contact Wei Fang Lim, Market Regulatory Manager, on either 0455 363 114 or wlim@csenergy.com.au.

Yours sincerely



Dr Alison Demaria
Head of Policy and Regulation

¹ ESS supplied by synchronous condensers are less emissions-intensive as they draw only small volumes of electricity from the grid, which is increasingly powered by renewables.