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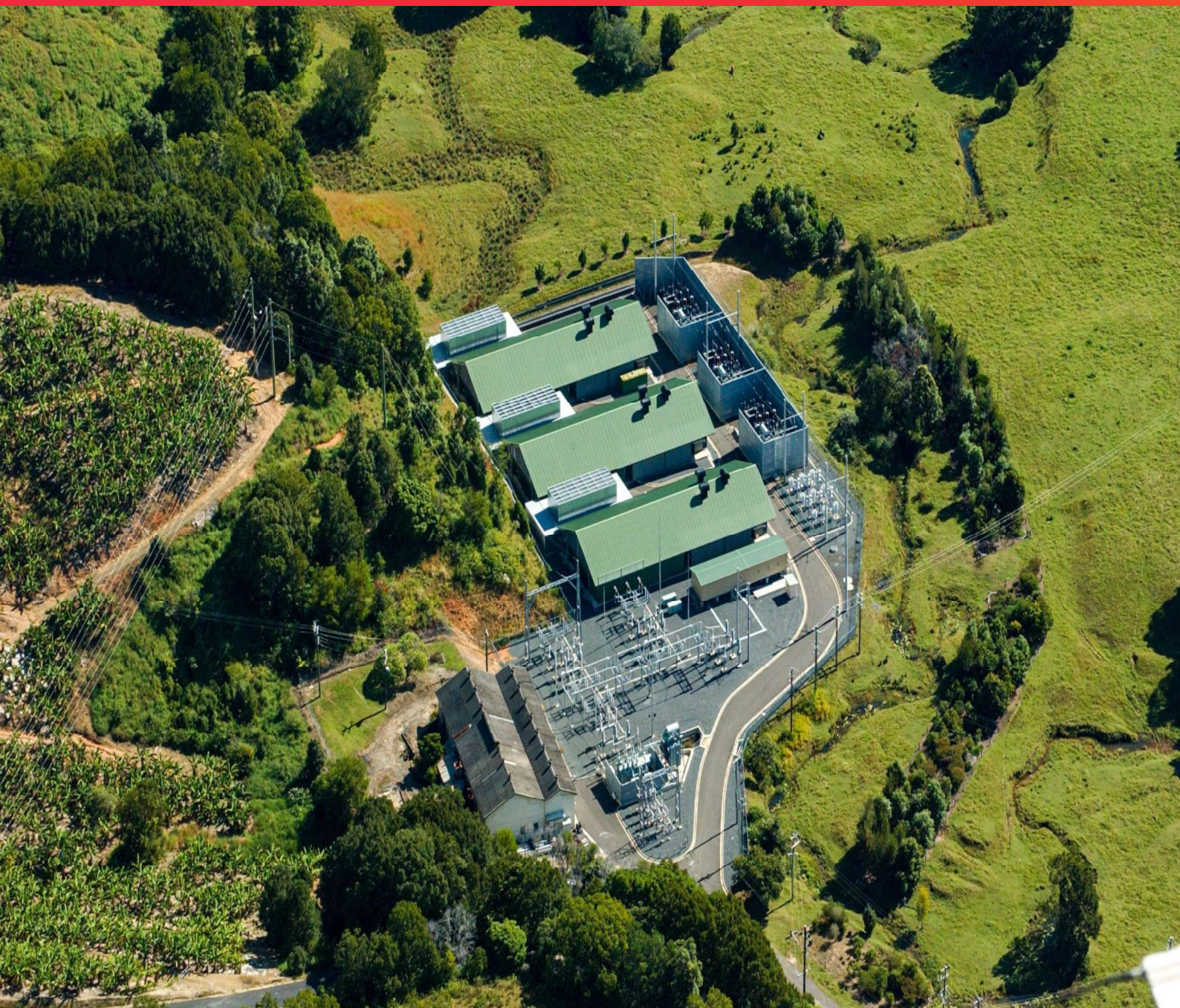
Australia's energy infrastructure partner

Compliance Template Review 2026

APA Submission | 22 January 2026



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Reliability Panel
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
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22 January 2026

Dear Reliability Panel members,

Re: Compliance Template Review 2026, Issues paper

APA welcomes the opportunity to comment on the Reliability Panel's Compliance Template Review 2026 Issues paper, which initiates consultation on how the Template for Compliance Programs (Template) will apply to types of plant in the National Electricity Market (NEM) following the 'Improving the NEM access standards – Package 1' (Package 1) suite of rule changes finalised in 2025.

APA is an ASX listed owner, operator, and developer of energy infrastructure assets across Australia. Through a diverse portfolio of assets, we provide energy to customers in every state and territory. As well as an extensive network of natural gas pipelines, we own or have interests in gas storage and generation facilities, electricity transmission networks, and 692 MW of renewable generation and battery storage infrastructure.

APA owns and operates three high voltage direct current (HVDC) interconnectors in Australia, namely Basslink (TAS-VIC), Directlink (NSW-QLD), and Murraylink (SA-VIC), and will be amongst the first HVDC Registered Participants subjected to the Package 1 obligations. In addition, APA has operated the Darling Downs Solar Farm in Queensland since 2019.

The Package 1 amendments introduced new access standards for new or altered HDVC networks, denoting these assets as schedule 5.3a plant. As a result, new standards may not apply to existing APA HVDC interconnectors established prior to the commencement of Package 1 changes with each having to be considered on an individual basis. Existing HVDC interconnectors have grandfathered performance standards established within connection agreements and have instituted and maintained compliance programs in accordance with the National Electricity Rules (NER).[1]

The Reliability Panel intends to review and update the Template to broaden its application to a wider set of plant types including HVDC assets. APA recognises the value in this, however as per the intention of the Package 1 Rule change, we are strongly of the view that related changes to the Template should only apply to new or altered (materially modified) HVDC interconnectors for which the Package 1 introduced performance standards apply.

We have considered the Issues Paper consultation questions from the perspective of both a schedule 5.2 and 5.3a Registered Participant who may have new or altered plant and offer the following responses:

[1] NER 4.15(b)

Question 1: Effectiveness of the Template in providing guidance for compliance programs

- *What are stakeholders' experiences of using the Template?*
- *Does the current Template provide useful guidance to help parties with their obligations under the NER?*
- *What opportunities are there to improve the Template to provide better guidance in relation to compliance with NER technical performance standards?*

Our view is that the current Template is generally fit for purpose for generators and provides useful guidance for technical NER compliance monitoring.

In revising the Template to include additional types of plant, including HDVC interconnectors, the AEMC should consider:

1. structuring the Template in such a way that it is both sufficiently broad and agile to cover the various technology types in the NEM, but at the same time, ensuring that specific testing obligations are fit-for-purpose and relevant to the technology type in question.
2. taking a measured approach to prescription by, for example, stipulating testing frequency as a guide only, or providing a window in which testing should occur. Flexibility will enable plant operators to align and consolidate compliance testing works with other necessary scheduled or unscheduled works. This approach supports efficiency, lowers costs, and potentially reducing outage times.

Question 2: Proposed assessment principles and rationale

- *Do you agree with the proposed high level assessment criteria?*
- *Are there additional criteria the Panel should consider or criteria included here that are not relevant?*

APA has no comments on Question 2.

Question 3: Proposed revised compliance principles

- *Do you agree with the revised compliance principles?*
- *Are there any key concepts that are not currently outlined in the compliance principles, that should be included?*

Regarding Principle 1: Materiality and efficiency of compliance programs, APA agrees that materiality and efficiency are key considerations to be called out in the principles. However, while the proposed principle clarifies that the 'materiality of the issue' is referring to the 'materiality of potential non-compliance', we believe the materiality of the compliance obligation itself should be considered. To explain further, some performance standards, if breached, could have material impacts on the NEM and/or other participants, while others do not have the same potential materiality. Accordingly, we consider that in selecting, developing or amending a testing or monitoring regime, it is reasonable for a Registered Participant to place more focus on those performance standards that are higher risk, and that this should also be reflected in Principle 1.

For Principle 2: Frequency of testing, we ask that the Reliability Panel clarifies what is meant in Part 1 and Part 2 by providing examples of 'plant parameters variable with time' versus 'plant parameters not subject to variability with time'.

Finally, regarding Principle 3: Role of continuous plant monitoring, we ask that an obligation for continuous monitoring not be mandated for all Registered Participants, especially where performance standards have been grandfathered in accordance with the Package 1 rule changes. Requiring continuous monitoring for existing plant may require sophisticated devices and systems that have significant cost implications for impacted Registered Participants, noting any additional costs would ultimately be passed through to consumers.

Question 4: Structure and form of the Template

- *Do stakeholders support the Panel's proposed approach to revise the Template structure based on plant type to include schedule 5.2, schedule 5.3 and schedule 5.3a plant?*
- *Do stakeholders have any suggestions for how the Template should provide guidance to different plant types?*
- *Do stakeholders propose any alternative approaches to revising the Template structure to accommodate additional plant types and align with the revised NER?*

APA supports the Template being structured in accordance with plant type. This approach better ensures the compliance monitoring regime described is fit-for-purpose for the plant in question and is likely to provide greater clarity and guidance to Registered Participants when developing their compliance programs.

Question 5: Testing and monitoring regimes for schedule 5.3 plant and schedule 5.3a plant

- *In general terms, what kinds of tests and monitoring regimes are included in existing compliance programs for schedule 5.3 plant (certain loads and distribution networks) and schedule 5.3a plant (HVDC links)? Is there a consistent structure for these programs that can be leveraged for the Template?*
- *Are there any existing methodologies in the Template that would be appropriate to apply for new plant types?*
- *Are there any specific testing or monitoring methodologies that are unique to a specific plant type that the Panel should consider including in the Template?*

APA currently monitors and tests its HVDC assets in accordance with Good Electricity Industry Practice, including as required by applicable Transmission Licences, Connection Agreements, and the NER.

As noted earlier in our response, APA's HVDC performance standards have been grandfathered through the Package 1 rule changes, and these standards will be reflected in a new compliance program consistent with the revised Template.

In developing the schedule 5.3a Template, we consider the testing and monitoring regime should reflect the grandfathering of existing performance standards per NER cl. 11.186.6 and not seek to impose additional obligations on existing plant, noting these may not be technically achievable or economically feasible.

A revised Template, as it applies to schedule 5.3a plant should be:

- targeted to technology type, asset life and age, including performance standard grandfathering;
- mindful of cost and scheduling efficiencies, providing Registered Participants with flexibility to make efficient decisions on compliance monitoring and testing; and

- reflect a risk-based approach, focusing on those performance standards with the potential for greater impact on the power system in the case on non-compliance.

APA is keen to work with the Reliability Panel to develop an appropriate Template for schedule 5.3a plant.

Developing three new compliance programs consistent with the Template for schedule 5.3a plant will be a significant undertaking for APA and we will need more than the NER prescribed six-month time limit to complete this work. We ask for the Reliability Panel's consideration of this and whether it is possible to afford an additional 'transition period' for schedule 5.3a plant to adopt the Template.

Finally, we note that when existing HVDC plant adopts the Template and the new regime of monitoring and testing, it is possible that immaterial non-compliances will be identified that were not previously tested for. Accordingly, it's worth noting that Registered Participants will face increased costs and will need time to rectify any compliance issues identified through the new monitoring and testing regime.

Question 6: Appropriateness of existing testing and monitoring regimes

- *Despite the extensive changes to the technical requirements in Schedule 5.2, which existing testing and monitoring regimes in the Template are likely to remain suitable for new plant?*
- *Are there any specific details about existing testing or monitoring regimes in the Template that should be amended to account for the rule changes listed above? For example, should the suggested frequency of testing of particular methodologies be amended for more effective compliance programs?*

APA considers the revised Template should provide increased flexibility regarding testing frequency across all participant groups (s5.2, s5.3, and s5.3a). For example, should a Registered Participant's compliance program stipulate a certain test be carried out within a year, but a lengthy outage is planned in two years, it may be more operationally appropriate and cost effective to delay testing to align with the planned outage. Improving cost and operational efficiency reduces costs to the Registered Participant, which ultimately flows through as reduced cost to end users.

Plant technology, age, and purpose should also be considered when it comes to testing requirements. For example, HVDC plant with modern digital protection relays have settings that do not 'drift' in the same way as older protection relays and therefore should not require functional testing as often.

Question 7: Suggestions for new testing or monitoring regimes

- *Are stakeholders aware of any new testing or monitoring regimes that could contribute to making more effective compliance programs for performance standards made under the amended access standards?*
- *Are there any commonly used regimes that are not currently listed in the Template?*

APA has no comments on Question 7.

Question 8: Reflecting changes in technology and cost in the Template

- *Does the current Template appropriately consider all technology types? If not, how can the Template be amended to better reflect newer technologies?*
- *Have the costs of the compliance methods listed in the Template changed significantly?*

- *What changes, if any, could be made to the Template to reflect updated information on the costs of testing and compliance regimes?*

The current Template does not appropriately account for inverter based & HVDC technology, nor does it account for new technologies that may become available in future years. As stated in our response to question one, the Template must balance prescription with flexibility, to ensure relevance to all plant types.

APA's experience is that costs of compliance have increased, especially in cases where periodic testing of certain parameters is recommended but the capability being tested is rarely (or never) used in real-time operations. Compared to 2019, we have noticed:

1. Higher costs to perform testing due to inflation and lack of specialist resources including both personnel (power system engineers) and test equipment.
2. Increased difficulty in obtaining sufficient network access to undertake testing, and in obtaining AEMO/NSP consent to taking plant offline for testing due to concerns about system security during the offline period.

Given our experiences, we recommend that the Template set out a monitoring and testing regime that balances criticality to the power system with commercial (cost efficiency) considerations.

APA looks forward to engaging further with the Reliability Panel throughout this consultation process, including at the proposed technical workshop.

Should you have any questions about this submission, please contact Liz Gharghori, liz.gharghori@apa.com.au or 0498 444 045.

Yours sincerely,

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