16 April 2026

Australian Energy Market Commission (AEMC)

Via AEMC website: *www.aemc.gov.au*

National Electricity Amendment (Security framework enhancements) Rule; National Electricity Amendment (Clarity and transparency in security frameworks) Rule

Alinta Energy welcomes the opportunity to provide feedback on the consultation paper for the two proposed rule changes on system security frameworks in the National Energy Market (NEM).

Key points:

- **In place of the RIT-T, we recommend that an AEMO-led system security planning and procurement framework should be adopted.**
- **System security RIT-T outcomes should not be set-and-forget and must allow adaptation to least-cost solutions.**
- **We do not support extending the notice of closure timeframe, considering that participants are already required to provide this information outside 3.5 years and implementing a binding requirement may prompt more conservative and less reliable reporting that disrupts the contract market without improving system security planning.**
- **We support AEMO declaring NSCAS gaps without the condition for the underlying security requirements to have changed.**
- **We support the NSCAS framework enabling procurement of both the minimum and efficient levels of system strength.**
- **We support amending the definition of NSCAS gap to align with extending the binding timeframe.**
- **We recommend that AEMO retains responsibility for setting efficient ESS procurement levels, with expanded NER requirements.**
- **Further enhancements to the TPSS could improve coordination of system security and energy infrastructure investment.**

Solutions to encourage on-time and efficient procurement

In place of the RIT-T, AEMO should conduct system security planning and procurement.

We agree with the characterisation of the key issues with the RIT-T assessment process, namely that it:

- is overly complex and time-consuming;
- promotes a portfolio approach that may exclude urgent investments required at short notice, or misalign with opportunities to install clutches on new synchronous generators;
- can result in inconsistent approaches taken by TNSPs;
- assesses options that do not directly consider the actual costs paid by customers; and
- does not adequately incentivise non-network solutions.

In addition, we consider there is a potential conflict in TNSPs selecting the preferred option to meet system strength requirements and conducting the procurement processes. We consider that this approach imposes unnecessary constraints and inflexibility on non-network solutions, resulting in a predominance of network solutions being selected.

Collectively, these issues may deter non-network solutions and forgo opportunities to meet security requirements at least cost to consumers.

To avoid this outcome, in place of the RIT-T we recommend that AEMO be made responsible for identifying potential least cost options to meeting system security requirements, and that this analysis be conducted iteratively to allow for requirements to be met by incremental investments to synchronous generators. We recommend that the procurement of system security solutions is also independent of TNSPs.

Further, we consider that AEMO is better placed than TNSPs to assess system security requirements across the NEM, noting that:

- as the market operator, AEMO provides a NEM-wide understanding of system security requirements, while TNSPs are limited to a state-based view.
- Drawing on its annual security assessments, AEMO is best placed to define system needs and assess credible solutions, enabling the design of a more flexible procurement framework.

Additionally, we consider that such an AEMO-led planning framework could avoid overly prescriptive criteria; ensure consistent assessment; allow non-network solutions to compete fairly; and prevent long-term technology lock-in as system needs evolve or more effective solutions emerge over time - thereby delivering lowest-cost outcomes for consumers.

We consider that an AEMO-led procurement process would encourage network and non-network solutions on the basis that:

- Making AEMO the accountable body for assessment and decision-making would strengthen objectivity in this process, and enable standardised NEM-wide service definitions.
- Centralising the system security assessment and planning within AEMO would enable more effective co-optimisation of energy and system service investments. This would address current inefficiencies such as inertia and black start services

being procured by TNSPs despite being primarily delivered by synchronous generators, and where RIT-T outcomes have tended to favour non-network solutions.

This approach would also address the AEC and CEC's proposal to clarify and standardise the roles, responsibilities and methods in procurement[1].

System security RIT-T outcomes should not be set-and-forget and must allow adaptation to least-cost solutions.

We recognise the AEMC's concern that amendments to the RIT-T framework may not be justified at this time, given that most jurisdictions are in the latter stages of their initial system security RIT-Ts. However, rather than further redesigning the RIT-T, we consider it critical that outcomes of these processes are not treated as static or "set and forget".

While the RIT-T aims to identify a preferred option based on information available at a point in time, its long assessment horizons and focus on fixed portfolios can inadvertently lock in solutions that may not remain least-cost as the system evolves. We agree that the RIT-T process is difficult to align with the development timelines of prospective generation projects that could be economically augmented to provide synchronous services.

We note that recent RIT-Ts have tended to favour stand-alone synchronous condensers are concerned that this may not be because they are inherently the most efficient option, but because they are the most readily assessable within the RIT-T timeframe.

To better align RIT-T design with the National Electricity Objective, there should be explicit scope to revisit and adapt RIT-T outcomes where emerging, lower-cost options become available, allowing selected solutions to evolve over time rather than constraining TNSPs and consumers to higher-cost, inflexible investments.

We support extending the binding timeframe for TNSPs to meet system security requirements to five years but caution against unnecessary procurement and displacing cost-effective solutions from existing non-network infrastructure.

We support extending the binding timeframe to five years, and consider this will:

- facilitate investment planning and decision-making; and
- support the procurement of resources with longer lead-times, including synchronous condensers.

Noting this, procurement opportunities in a five-year timeframe should:

- avoid unnecessary procurement where existing assets provide cost-effective means to addressing system security requirements;
- be open to a range of asset classes that meet the requirements; and
- provide adequate opportunities for non-network solutions.

We do not support extending the binding notice of closure requirements.

We recognise the interdependence between system security requirements and the closure large synchronous generators. While we acknowledge the role of earlier investment planning in supporting system security outcomes, we do not consider that extending generator notice closure periods would meaningfully support this objective.

[1] Consultation Paper, AEMC, 12 March 2026, Section 3.4.3.

However, we consider that in practice, extending mandatory notice of closure requirements is unlikely to improve the quality or reliability of information available to support system security planning. Generators are already required under NER clause 2.1B.3 to notify AEMO of the expected closure year for each scheduled and semi-scheduled generating unit, and to update that information as expectations change. Participants are also required to provide this information in AEMO's planning processes, including in support of the Electricity Statement of Opportunities, PASA studies and the Integrated System Plan (which are also used in the TPSS).

Where generators are able to provide firmer visibility earlier, they already have incentives to do so through these requirements. By contrast, mandating earlier binding closure notice risks encouraging conservative and precautionary closure dates that are more likely to be revised over time. This would increase uncertainty for AEMO, TNSPs and the market, potentially amplifying disruption (particularly to the contracts market) without delivering more accurate or decision-useful information to support efficient system security investment. It may also unnecessarily increase activation of the Orderly Exit Management Framework and government subsidies to push out closure dates.

Solutions to address limitations of NSCAS for addressing short-term security gaps

AEMO should be able to declare NSCAS gaps without the condition for the underlying security requirements to have changed[2].

We support amendments to the NER to remove the requirement for inertia or system strength requirements to be revised before an NSCAS gap can be declared by AEMO. We consider this will provide increased flexibility in addressing unexpected changes in system security conditions – including unexpected coal plant closure dates – allowing the framework to operate as a backstop mechanism.

The NSCAS framework should enable procurement of both the minimum and efficient levels of system strength.

We agree with AEMO's proposal that the NSCAS framework should allow procurement of system strength of both minimum and efficient levels to achieve stable voltage waveforms.[3] Changes to the proportion of IBR in the NEM necessitate a change in the operational frameworks required to meet the reliability standard and avoid operating the system in a constrained manner.

We support amending the definition of NSCAS gap to align with extending the binding timeframe.

In line with extending the binding timeframe to a five-year period, we support amending the definition of NSCAS gap[4] to better reflect the expected timelines required to deliver NSCAS infrastructure.

Solutions to address governance and transparency concerns

AEMO should retain responsibility for setting efficient ESS procurement levels, with expanded NER requirements.

[2] Consultation Paper, AEMC, 12 March 2026, Section 3.3.1.
[3] Consultation Paper, AEMC, 12 March 2026, Section 3.3.2.
[4] Consultation Paper, AEMC, 12 March 2026, Section 3.3.3.

We support the AEC and CEC proposal to embed additional factors for determining security requirements in the NER, to address gaps that contribute to investment uncertainty and bias outcomes towards network-based solutions.[5]

We consider these gaps can be addressed by retaining AEMO's existing role in determining security requirements, and implementing in the NER an expanded set of factors that AEMO would be required to consider. The AEC and CEC have provided a non-exhaustive list of factors, which we consider is best suited to addressing evolving system security needs and providing the necessary flexibility over time. The list put forward by the AEC and CEC provides a useful starting point in determining the relevant factors to include.[6]

Following amendments to the NER, AEMO's consultation on the methodology for setting security service requirements should incorporate strengthened input from both network and non-network stakeholders. Joint involvement is necessary to address the governance and transparency concerns identified by the AEC and CEC. Accordingly, we propose the final rule:

- mandate collaboration between AEMO and network and non-network members in determining the methodology (for example, through formal working groups);
- establish a shared decision-making mechanism between AEMO and members (for instance via a majority-based voting process); and
- require the Reliability Panel to review the methodology.

These measures would ensure meaningful collaboration between network and non-network members and provide necessary transparency to the process, while retaining AEMO's existing role in determining system security requirements.

Further enhancements to the TPSS could enable better coordination with needed investment.

The TPSS plays a valuable role in identifying emerging system security gaps and guiding investment. To further enhance its effectiveness as a planning document, we propose greater use of existing data to improve the accuracy of projections.

This could include better inclusion of MT PASA forecasts, as well as clearer delineation between ISP Step Change assumptions and market assumptions. For example, the TPSS transition points relied upon for coal closure use Step Change closure dates, rather than closure dates provided by generators.

Noting that the ISP is designed to outline a pathway to meeting policy targets, greater accuracy in the TPSS would be achieved by more closely reflecting existing market conditions[7]. We consider this would provide clearer and more credible investment signals to the market regarding the system security gaps forecast to emerge and avoids the need for AEMO to prematurely specify solutions the market is better placed to provide.

Finally, noting the interrelated nature of both rule change requests, the Commission should consolidate both requests in the next iteration of the consultation process.

Thank you for your consideration of Alinta Energy's submission. If you would like to discuss

[5] Consultation Paper, AEMC, 12 March 2026, p.19.
[6] Consultation Paper, AEMC, 12 March 2026, p.31.
[7] Alinta Energy has also expressed this view in our response to the Draft 2026 ISP: https://www.aemo.com.au/-/media/files/major-publications/isp/draft-2026/consultation-submissions/alinta-energy.pdf?rev=52f532f9a30148c397c482ba5b05e0dc&sc_lang=en

this further, please get in touch with Isidora Stefanovic at isidora.stefanovic@alintaenergy.com.au.

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