



16 April 2026

Anna Collyer  
Chair  
Australian Energy Market Commission

Submitted online: [www.aemc.gov.au](http://www.aemc.gov.au)

Dear Ms Collyer

### **Security Framework Enhancements – Consultation Paper**

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Australian Energy Market Commission's (AEMC) *Security Framework Enhancements* Consultation Paper.

Origin supports the overall intent of both the Australian Energy Market Operator (AEMO) and the Australian Energy Council (AEC) / Clean Energy Council (CEC) rule change requests, which is to ensure that regulatory frameworks can facilitate the efficient and timely delivery of security services. However, we do not consider that all the changes proposed by AEMO, particularly the extension of the notice of closure obligation for generators, are required and will have the desired effect in practice (i.e. provide greater certainty around generators' future operations). In relation to the improvements proposed by the AEC / CEC, we think these should help to increase accountability, transparency and coordination in the planning and provision of system services.

Origin agrees with the AEMC's observation that the rule change requests are closely related and seek to address common issues with the system security framework.<sup>1</sup> Given this, we strongly recommend the AEMC considers the requests together via a consolidated rule change process, as this will help to ensure any changes to the framework are well-coordinated and can be implemented effectively.

More detailed comments on the rule change proposals are provided below.

#### **1. AEMO's rule change proposal**

##### *Extension of the notice of closure requirements for generators from 42 months to five years*

The current notice of closure timeframe was set with the intent of providing forward certainty which can in turn inform planning decisions, while recognising there are "a number of factors that can influence a generator's decision to close... that are unlikely to be known or certain five years in advance".<sup>2</sup> These factors include plant issues and significant changes in wholesale market economics.

Under an extended notification requirement there may be an increased need for exemptions, which remain a critical aspect of the framework, to ensure ongoing operation is not mandated when it is uneconomic.<sup>3</sup> This would in turn reduce the utility of the notice requirement (e.g. diminish market confidence in closure reporting), a point recognised by the AEMC when it previously concluded, "requiring generators to commit to a five-year closure date may create greater inefficiencies in the

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<sup>1</sup> AEMC, 2026, *Security framework enhancements – Consultation Paper*, p. 8.

<sup>2</sup> AEMC, 2018, *National Electricity Amendment (Generator three year notice of closure) rule, Final Determination*, p. 23

<sup>3</sup> Under Corporations Law, company directors have obligations to not operate insolvent businesses. Section 588G of the *Corporations Act 2001 (Cth)*.

market”.<sup>4</sup> Given this, the AEMC would need to ensure there are tangible and practical benefits associated with the change.

*Extension of the binding timeframe for transmission network service providers (TNSP) to meet system security requirements to five years*

Origin considers it would be premature to extend TNSP procurement timeframes. This is because streamlining the Regulatory Investment Test for Transmission (RIT-T) (as discussed below) and clarifying the broader planning framework (as proposed by the AEC / CEC) should expedite the service procurement process and mean current timeframes are sufficient for a variety of solutions to be deployed.

*Streamlined RIT-T process for system security investments*

Origin considers there would be merit in the AEMC examining whether the RIT-T is fit for purpose for system security investments. This review could consider any insights from the TNSP system strength processes that were recently conducted.

One of the main options highlighted by the AEMC involves removing a step of the RIT-T, specifically the Project Specification Consultation Report (PSCR). While Origin does not oppose such a change, if the overall RIT-T is to be shortened / streamlined it is critical there is no resultant reduction in the opportunity and time afforded to participants to prepare bids / proposals to provide solutions. Relatedly, we recommend TNSPs should be required to publish key contractual terms and conditions as early as possible in any procurement process, as this would help to ensure service providers have sufficient information to prepare comprehensive proposals in a timely manner.

The AEMC is also contemplating whether urgent investments could be carved out of the RIT-T framework and subject to a more streamlined assessment process. If the AEMC is to pursue this approach, a clear definition of “urgent investments” should be established to ensure this new approach does not become the default procurement method.

*Enhanced Network Support Control and Ancillary Services (NSCAS) framework*

In accordance with AEMO’s proposal, Origin supports removing the existing NER condition that inertia / system strength requirements must be revised before an NSCAS gap can be declared by AEMO. This change should assist AEMO in responding to any short notice system service shortfalls that may arise.

We also consider amending the NSCAS framework so that system strength can be procured to support stable voltage waveforms could help ensure the system is better prepared for the connection of more inverter-based resources in the future.

**2. The AEC / CEC’s joint rule change proposal**

We broadly support the AEC / CEC rule change request and consider that by establishing clearer roles, responsibilities and processes the proposed amendments should improve accountability, transparency and coordination in system service planning and provision. This in turn should give AEMO, participants, and the government greater confidence that system security needs will be met efficiently as the system transitions.

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<sup>4</sup> AEMC, 2018, *National Electricity Amendment (Generator three year notice of closure) rule, Final Determination*, p. 23

### *Standardised service definitions / specification*

We agree that requiring AEMO / the Reliability Panel to define all relevant system services and establish NEM-wide specifications where appropriate (e.g. system strength) could provide more clarity, transparency and standardisation, which would increase commercial appetite for suitable non-network assets to provide security services. For example, all TNSPs / AEMO could leverage a consistent set of specifications to evaluate all prospective solutions which would help create a level playing field for different service providers / technologies and give the market confidence that procurement has been guided by a robust assessment process. Consistent specifications will make it easier for prospective providers to develop bids and participate in multiple / concurrent procurement processes across NEM regions, thereby increasing the pool of potential solutions.

### *Enhanced role for the Reliability Panel*

The AEC / CEC propose that the NER should specify a single party that is responsible for determining the efficient level of system services to be procured. While this a significant and potentially complex departure from the from current arrangements, we believe it is worthy of further consideration.

Origin considers the Reliability Panel, which already has responsibilities in respect of system security under the National Electricity Law, could be given greater oversight of system security procurement.<sup>5</sup> For example, the Panel could be given the authority to require AEMO to consider and model specific scenarios and set specific procurement targets. The Panel's balanced composition of industry and consumer representatives, together with its extensive experience considering economic trade-offs, means it is well-suited to assessing the cost and risks around service procurement.<sup>6</sup> The rule change request proposes several factors the Panel would need to assess in setting / recommending efficient levels of service procurement, which provide a reasonable set of fundamental considerations.<sup>7</sup>

### *Expanded Transition Plan for System Security (TPSS)*

We support the TPSS being expanded to include long term plans that specify the precise technology mix, specific timings and locations of assets that AEMO considers would meet security requirements at least cost. These new plans should provide a clear pathway to operating the system with limited to no synchronous units online. To support the development of these plans, the Reliability Panel should have an opportunity to provide formal input to the TPSS.

### *Additional NER guidance around service procurement*

Irrespective of the broader changes that are made to the system security framework, we consider that service procurement processes could be improved if the following refinements are adopted, potentially by embedding additional principles in the NER.

- Procurement processes should recognise that an over-reliance on a particular technology (such as, synchronous condensers) could expose the system to cost and delivery risks.<sup>8</sup>

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<sup>5</sup> *National Electricity (South Australia) Act 1996, Part 4, Division 3*

<sup>6</sup> The Panel has significant experience considering economic trade-offs given its reviews of the NEM's reliability standard.

<sup>7</sup> Factors include what should be planned for through forward investment vs operational management; the level of risk to be maintained; lead times for investment, and the available backstop mechanisms to address gaps.

<sup>8</sup> For example, there may be unexpected delays in the deployment of synchronous condensers due to supply chains tightening as global demand for these machines increases. This risk has been identified by Transgrid. Transgrid, 2024, *Meeting system strength requirements in NSW, System Strength PADR Supplementary Report*, p. 17

- Service procurement contracts should have an appropriate term / duration because it can be very challenging to competitively price bids to retrofit / install solutions if the large associated capital costs can only be recovered over a short period.<sup>9</sup>
- There should be greater consistency in the treatment of operating costs for network and non-network solutions. For example, the energy required to run a synchronous condenser (typically around 3-5 MW per machine) is treated as a network loss in the case of a network solution (i.e. does not represent a cost for the TNSP), whereas a non-network solution provider would incur this energy cost and hence must price this cost into their proposal.

These three refinements would support the more equal treatment of network and non-network solutions in procurement processes.

If you wish to discuss any aspect of this submission further, please contact Thomas Lozanov at [thomas.lozanov@originenergy.com.au](mailto:thomas.lozanov@originenergy.com.au).

Yours Sincerely,



Shaun Cole  
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<sup>9</sup> It is also notable that short terms are inconsistent with timeframes over which TNSP would typically recover costs, i.e. over the asset lifespan.