

16 April 2026

Emily Banks
Project Lead
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Dear Emily

Re: Security Framework Enhancements (ERC0424)

TasNetworks appreciates the opportunity to provide comments to the Australian Energy Market Commission (**AEMC**) on the two below rule change requests:

- The Security Framework Enhancements Rule Change (ERC0424) proposed by the Australian Energy Market Operator (**AEMO**); and
- The Clarity and Transparency in Security Frameworks Rule Change (ERC0428) proposed by the Australian Energy Council (**AEC**) and Clean Energy Council (**CEC**).

TasNetworks is the System Strength Service Provider (**SSSP**) in Tasmania. As a synchronous island region, Tasmania faces unique system strength issues. While Tasmania is unlikely to see a significant synchronous generation retirement in the near term, the volume of Inverter-Based Resource connections and High Voltage Direct Current interconnection means that a robust and well-designed system security framework is essential to the reliable and secure operation of the Tasmanian power system.

TasNetworks endorses the submission provided by Energy Networks Australia and makes the following additional comments.

The AEMC has recently progressed changes to the system security framework such as the *Improving Security Frameworks for the Energy Transition Rule Change*. Transmission Network Service Providers (**TNSP**) have also only recently completed their first Regulatory Investment Tests (**RIT-T**) for System Strength. Any assessment of proposals for further change must be made within this context.

TasNetworks supports extending the binding timeframe for TNSPs and aligning it with synchronous generators retirement notification requirements. Where a system strength requirement arises within this timeframe, TasNetworks considers it reasonable that this is deemed “urgent and unforeseen” and is exempt from the RIT-T process. The RIT-T is designed to assess investments where there is sufficient lead time for a robust cost-benefit analysis, and it is not well suited to circumstances where the requirement has emerged with limited notice.

We support updates to the Network Support and Control Ancillary Services framework. TasNetworks considers the ability to respond to step changes in system security requirements requires procurement mechanisms that can operate with greater flexibility than the current framework allows and believe the proposed changes will address this gap.

TasNetworks acknowledges the limitations of the RIT-T framework when applied to system security investments but supports retaining a transparent process that clearly articulates the costs and benefits of different options. TasNetworks supports the AEMC exploring approaches that maintain rigour in the investment assessment process while reducing the burden of developing complex and optimised solutions in constrained timeframes. Possible options should be explored further through this consultation process so that the specifics can be considered more deeply by stakeholders.

TasNetworks also considers that a change to allow early works funding for system security investment would complement future updates to the RIT-T and help address current procurement challenges with long lead times. Under the current framework, TNSPs cannot commit capital expenditure before the RIT-T is finalised, which in practice constrains the range of solutions that can practically be delivered with the required timeframe.

TasNetworks also considers that the National Electricity Rules (**NER**) should be amended to ensure that SSSPs can recover the prudent and efficient costs of system strength investments during a regulatory period.

TasNetworks notes that the *Efficient Management of System Strength on the Power System* rule change introduced transitional arrangements enabling TNSPs to submit a contingent project application for a system strength investment following RIT-T completion and commitment from the SSSP’s Board to proceed with the investment. TasNetworks considers the designation of system strength and inertia investments as contingent projects should be embedded in the NER, rather than requiring TNSPs to nominate them as contingent projects during their Revenue Proposals. This approach is consistent with the treatment of actionable Integrated System Plan projects and is appropriate given the practical difficulty of nominating specific trigger events for system security investments in advance (the location and timing are inherently uncertain).

TasNetworks notes that it will commence its second system strength RIT-T in 2026, covering system strength obligations beyond 2029. Given the rule change will likely be progressed and

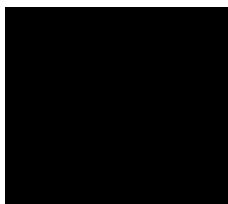
implemented while our RIT-T is underway, there is real risk that changes made during the process will create uncertainty about the framework applicable to TasNetworks' assessment. TasNetworks requests that appropriate transitional arrangements are considered to ensure RIT-T processes already underway aren't adversely impacted.

As discussed above, the current system security framework has been operating for only a short period. TasNetworks considers the AEMO rule change addresses existing challenges through small adjustments to the framework that can be quickly implemented. The AEC/CEC rule change proposal involves more fundamental changes to the system security framework. TasNetworks is concerned that proceeding with significant structural changes, before the current framework has been properly tested, risks introducing further complexity and uncertainty and we believe more time and information is required before we can consider and support.

TasNetworks would support the AEMC separating the rule change requests into separate consultations. This would allow the adjustments proposed by AEMO to be progressed in the near term, while the changes proposed by the AEC/CEC rule change are assessed through a dedicated process.

To discuss the views expressed in this submission please contact Calvin Godwin, Senior Economic Policy Analyst, at [REDACTED]

Yours sincerely

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Marthinus Le Roux
Head of Regulation