Data Centres Australia
PO Box 42
Highett, Victoria, 3190
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Ms Anna Collyer
Chair
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Thursday 7 May, 2026

Re: Submission to the AEMC Draft Determination - National Electricity Amendment (Improving the NEM Access Standards — Package 2) Rule 2026

Dear Ms Collyer,

Data Centres Australia is the peak body for the data centre sector in Australia. We represent data centre developers and operators, and the expanding data centre ecosystem, advancing Australia's national interest in the global race to attract investment in and build artificial intelligence infrastructure. We work to educate, raise awareness and coordinate action, enabling effective and sustainable development.

Our members include hyperscale providers that build and operate their own facilities for their own products and services, and co-location data centres which own and operate the facilities that support a range of customers. Our members represent 86% of data centre capacity in Australia.

Our data centre operator members span different business models and different types of data centres that serve different purposes. Our members also use many different OEMs and technology types, which directly impact their ability to comply with the proposed rule changes.

Some of our members have experience operating in global markets and have also shared international examples of best practice we hope is useful to your consideration.

Data Centres Australia welcomes the rule changes while cautioning the AEMC to provide a reasonable implementation time frame to ensure industry growth can meet current demands.

We are pleased to provide this submission to AMEC's considerations around the Draft Determination - National Electricity Amendment (Improving the NEM Access Standards — Package 2) Rule 2026 and make ourselves available for any further engagement on this or related topics.

Yours sincerely,

[redacted]

Belinda Dennett
Chief Executive Officer
Data Centres Australia
[redacted]

Data Centres AUSTRALIA

DATA CENTRES AUSTRALIA:
SUBMISSION TO THE AEMC DRAFT DETERMINATION — NATIONAL ELECTRICITY AMENDMENT (IMPROVING THE NEM ACCESS STANDARDS — PACKAGE 2) RULE 2026

Thursday 7 May, 2026

Data Centres Australia
www.datacentres.org.au

Introduction

Data Centres Australia welcomes the opportunity to respond to the AEMC's Draft Determination of 12 March 2026 on Package 2 of the NEM access standards reforms.

Data Centres Australia is the peak body for the data centre sector in Australia. We represent data centre developers and operators, and the expanding data centre ecosystem, advancing Australia's national interest in the global race to attract investment in and build artificial intelligence infrastructure. We work to educate, raise awareness and coordinate action, enabling effective and sustainable development.

Our members include hyperscale providers that build and operate their own facilities for their own products and services, and co-location data centres which own and operate the facilities that support a range of customers. Our members represent 86% of data centre capacity in Australia.

Data Centres Australia acknowledges the material improvements the Draft Determination delivers over the rule as originally proposed, in particular, the tiered framework and proportionate modelling obligations. These reflect a genuine engagement with industry feedback and we commend the Commission accordingly.

This submission is deliberately focused. It raises **four issues** on which our members consider further refinement would materially improve the workability of the final rule and allow the data centre sector to deliver at speed and scale while ensuring the stability of the electricity grid. Each is presented with supporting international precedent where relevant, and in a spirit of collaborative refinement.

- **Transitional arrangements** – six months is insufficient; recommend 24 months.
- **Classification framework** – codify DNSP discretion through a national guideline.
- **Legacy versus greenfield sites** – treat legacy sites distinctly; clarify "major change".
- **System strength** – consider in-front-of-the-meter remediation, consistent with HVDC precedent.

Transitional Arrangements

Data Centres Australia respectfully submits that a **six-month transition** from rule commencement is insufficient for the realities of data centre development. A typical hyperscale or colocation facility moves from connection enquiry through to commissioning over a **12–36 month cycle (depending on the size, stage and complexity)**. Applying new access standards to projects already mid-cycle risks forcing re-design and re-procurement of long-lead electrical plant (e.g. Uninterrupted Power Supply [UPS] systems) already specified, manufactured or installed.

Furthermore, only a handful of UPS OEMs can currently meet the access standards in Australia. Six months is not enough time for other OEMs to develop the necessary models to comply. Industry experience is that such changes rarely resolve within six months and frequently take longer. The cumulative effect across the sector's pipeline could delay Australia's data centre build-out by 6–12 months or more, with consequences well beyond the operators themselves, given the role of this infrastructure in cloud, AI, government, financial and household services. It will also potentially limit Australia's ability to attract global investment in what is a global race to build AI infrastructure.

In terms of international precedent, ERCOT in the US has adopted comparable access standards for invert-based loads. They have implemented a multi-year, phased approach over 24+ months. This reflects OEM development times appropriately.

Recommendation

- Adopt a **24-month transition** from rule commencement, consistent with US practice for comparable access-standard reforms.
- Provide clear **grandfathering** for projects that, at the rule-made date, have an executed connection agreement (for DNSP connections), or 534a (for TNSP connections).
- Establish a pragmatic and time-bound dispute-resolution pathway where operators and DNSPs disagree on the applicable transition category.

Classification framework and DNSP consistency

The three-tier framework (Tier 1 <30 MW, Tier 2 30–100 MW, Tier 3 ≥100 MW) is a welcome improvement on the original 5 MW threshold. However, substantive obligations at Tier 1 and Tier 2, including whether ride-through access standards apply, when aggregate-impact assessments are triggered, and the modelling depth requested remain at **DNSP discretion**.

Our members' direct experience is that DNSP approaches to *equivalent* technical questions are **not consistent** across jurisdictions, reflecting differences in risk appetite, resourcing and interpretation of existing guidance. For multi-site operators, divergent DNSP outcomes for materially similar loads impose divergent costs, timelines and obligations on a technically equivalent fleet.

Recommendation

- The final rule should require the preparation of a **national DNSP Guideline** on the exercise of discretion under the new framework, covering trigger thresholds, process timelines, documentation requirements and a review pathway.
- The guideline should deliver **consistency, standardisation and investment certainty**, preserving DNSP agency while giving operators and investors a stable planning basis.

Legacy versus greenfield sites

The Draft Determination classifies a facility based on its total rated capacity, with no express distinction between **new (greenfield) builds** and **expansions** of existing sites that cross a tier threshold. Much of the sector's forecast growth will be delivered through expansion of existing campuses, which typically involves adding new UPS and power distribution plant alongside embedded legacy UPS plant that:

- was commissioned under the access standards in force at the time of its installation;
- may be sourced from OEMs that no longer support that plant with NEM-compliant PSCAD or PSSE models; or
- never had detailed dynamic models developed, reflecting the state of OEM model availability at the time.

Applying the new rule on a whole-of-site basis could, in effect, require retrofitting or replacing functioning plant that was compliant at commissioning, with material cost and operational disruption consequences for critical infrastructure, and an immaterial corresponding system-security benefit. This is particularly important as legacy UPS infrastructure installed today at the given scale is not easily able to be disrupted without impact on critical services.

In the United States, NERC/FERC interconnection and reliability frameworks commonly use "new or materially modified" facilities or interconnections as the trigger for additional requirements. This reflects a practical principle where new technical obligations should be linked to new or materially modified plant, rather than automatically reopening the compliance basis for the entire legacy facility.

Recommendation

- The final rule should expressly recognise **expansion** of an existing facility as distinct from a new connection, with new obligations applying to the incremental plant rather than the embedded fleet.
- Where OEM-specific PSCAD/PSSE models are not available for legacy UPS plant, operators should be able to satisfy modelling obligations through **generic model, or grandfathered appropriately if generic models are not suitable**. AEMO's Power System Model Guidelines (PSMG) update should explicitly address this.

System strength - remediation framework

Data Centres Australia is concerned about the deferral to SSIAG and the **period of commercial uncertainty** it creates. Large connections being progressed during the 12-month review window must be designed, priced and committed to without clarity on the eventual framework.

More substantively, the current framework presumes **behind-the-meter** remediation, typically via synchronous condensers, BESS or active front-end UPS retrofits installed by each load. Data centre sites are often space-constrained and can't remediate system strength behind the meter.

Data Centres Australia encourages the Commission to flag an explicit alternative for consideration in the SSIAG review: **in-front-of-the-meter** remediation, procured or provided by the network and recovered via network use-of-system charges. This approach aligns cost recovery with the shared-benefit nature of system strength, enables a single optimally-sized and optimally-located remediation asset to serve multiple loads, and reduces total system cost.

HVDC connections in the NEM have precedence. The NEM already recognises network-side and third-party provision of system-strength services for HVDC. The final determination should ensure large loads can access an equivalent pathway where behind-the-meter remediation is impractical or inefficient. The Draft Determination itself now expressly permits HVDC link operators to procure system strength services from third parties under clause S5.3a.

Recommendation

- The final determination should expressly record that the SSIAG review will consider **in-front-of-the-meter remediation** as a credible and preferred framework for system-strength provision to large loads, and to be solved in **three months' time,** with a clear and precise outcome for data centre developers to consider.

- The review should build explicitly on the HVDC precedent and on international models.

Conclusion

The Draft Determination is a materially improved framework, and Data Centres Australia supports its overall direction. The four issues raised here are focused, practical, and offered in the spirit of collaborative refinement — consistent with the international precedent on which much of the Commission's own work has drawn.

Data Centres Australia and its members are ready to contribute further through bilateral engagement to ensure the final rule supports both a stable, secure NEM and the continued investment that Australia's digital future depends on.

CONTACT

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