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Reliability Panel  
Australian Energy Market Commission  
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Dear Marcel Lima  
Dear Ben Hiron

### Compliance Template Review 2026 — Draft report — 2 April 2026

EnergyAustralia is one of Australia's largest energy companies with around 2.2 million electricity and gas accounts across eastern Australia. We also own, operate and contract a diversified energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 5,000MW of generation capacity.

We welcome the opportunity to respond to the draft stage of the consultation. The draft template's approach of offering multiple compliance methods rather than mandating a single prescriptive regime is the right foundation for a template that must work across multiple different participant types.

#### Compliance principles

The draft template now applies to generators, integrated resource providers (IRPs), network service providers (NSPs), market network service providers and loads. We agree with this expansion. However, the compliance principles as drafted **do not reflect** that participant types have fundamentally different roles and responsibilities.

Our concern is that Principle 1 requires participants to '*balance costs against the risks to power system security*' when selecting, developing or amending a compliance regime. This assumes every participant can assess power system security risk. However, under NER clause 4.3.1, responsibility for the assessment and management of power system security rests with AEMO. Generators have an obligation under rule 4.15(a) to ensure their plant meets or exceeds applicable performance standards (GPS) and does not materially adversely affect power system security, with AEMO determining what constitutes a material adverse effect on power system security.

We recommend the Panel restructure Principle 1 to distinguish between participant types. For generators and IRPs, the principle should reference balancing compliance costs against the risk of non-compliance with applicable performance standards. The current framing is more appropriate for NSPs, who do have a network security planning role.

Principle 2 states that continuous monitoring is '*preferred, where practicable*' and requires participants to document reasons for not implementing it. While this framing may be appropriate for new inverter-based resources (IBR) plant where continuous monitoring is typically installed as part of the connection process, it is not appropriate as a universal default for all plant types.

For existing synchronous generators, particularly older thermal plant operating within negotiated GPS established under earlier NER versions, periodic testing, event-based monitoring and calibrated subsystem testing have long constituted '*good electricity industry practice*' as defined under the NER. These methods provide reasonable assurance of ongoing compliance with the GPS, which is the standard required by rule 4.15(c)(4). Reframing them as exceptions requiring justification misrepresents both their legitimacy and their adequacy.

There is also a practical concern for plant approaching end of commercial life. Requiring such plant to retrofit continuous monitoring infrastructure or document reasons for not doing so imposes a regulatory burden that is plainly disproportionate to any marginal compliance benefit. In our view, Principle 2 should explicitly differentiate between plant types with a reference to remaining commercial life as a relevant factor in the risk assessment. As such, we recommend the template explicitly address plant approaching end of commercial life as a distinct case where proportionality applies.

EnergyAustralia strongly supports Principle 4. This principle accurately describes the generator's obligation under rule 4.15(c)(4) and correctly places the reference point as the plant's applicable performance standards, not broader system security. We note that this is the principle that should anchor the compliance framework for generators and IRPs, and it is a more precise and legally accurate statement of the obligation than Principle 1 as currently drafted.

EnergyAustralia supports the addition of Principles 5 and 7. The explicit requirement to assess the compliance impact of plant changes, including firmware and software updates, provides useful clarity, particularly for IBR operators. Principle 7's requirement to document and justify deviations from the template is a reasonable accountability mechanism, provided it is not applied in a way that treats well-established, technology-appropriate compliance methods as presumptively deficient.

### **Compliance framework guidance**

A fundamental principle that should be stated more explicitly in the template is that the compliance methods available are there to help participants demonstrate compliance with their GPS and not create new compliance obligations. This is particularly important for older plant whose GPS were negotiated under earlier NER versions.

The template does not address a related issue raised in our issues paper submission: the interaction between template-driven compliance changes and existing system security contracts. Where a generator has entered into a system security contract, a change to compliance methods or testing requirements may have implications for contractual obligations that go beyond the GPS framework. The template should acknowledge this and encourage participants to seek appropriate advice where such contracts are in place.

The draft template makes useful provisions for older plant in section 4.6 and we support those acknowledgements. In our view, these provisions should be reflected in the compliance principles as described above. Plants approaching end of life should also be listed under section 4.6.

## Applying the compliance template

EnergyAustralia supports the Panel's statement in chapter 4 that continuous monitoring is '*generally preferable, but not mandatory*'. This is a more balanced position than Principle 2's preferred framing. We recommend that the language in Principle 2 be aligned with this characterisation to avoid internal inconsistency in the template.

The suggested testing frequencies in the compliance tables represent useful guidance. In our view, the connection between testing and NER technical requirements should be more explicit. For example, disturbance ride-through compliance under S5.2.5.5 and S5.2.5.5A is one of the most technically challenging areas of ongoing compliance for generators. Active testing of fault ride-through capability is not possible and thus lends itself to continuous monitoring or investigating plant trips during system disturbances as a compliance method.

Compliance demonstration through continuous monitoring depends entirely on whether suitable system events occur during the assessment period. For peaking or low-utilisation plant, major contingency events may not occur within any given three-year window. The template's method 3 for Table A.5 (investigation of events where continuous monitoring is not practical) addresses this partially, but the guidance should more explicitly acknowledge that event-dependent compliance methods are subject to factors outside the participant's control, and that the absence of a qualifying event is not, of itself, evidence of non-compliance.

We encourage the Panel to include explicit guidance on how participants should document compliance assurance during periods where no qualifying events have occurred.

Broadly, EnergyAustralia supports progressing the two rule changes. Providing greater alignment with AEMO's 5-yearly access standard review would produce a more coherent view of obligations for participants. Similarly, we support the proposal to expand the template in the NER to explicitly cover all performance standards and related market-based obligations, which we consider would improve regulatory certainty.

We appreciate the Panels efforts to address our feedback. If you would like to discuss this submission, please contact me on 03 9060 0713 or at [Ana.Spataru@energyaustralia.com.au](mailto:Ana.Spataru@energyaustralia.com.au).

Regards

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