

7 May 2026

Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Reference: ERC0394

Improving the NEM access standards – Package 2 Draft rule determination

Snowy Hydro welcomes the opportunity to comment on the Australian Energy Market Commission (Commission) Improving the NEM access standards – Package 2 Draft rule determination.

Australia is experiencing rapid growth in critical digital infrastructure, specifically data centres, driven by cloud computing, artificial intelligence (AI) and the expansion of digital services. It is for this reason Snowy Hydro supports the Commission's view that efficiently connecting these facilities to the NEM while maintaining power system security requires clear, pragmatic technical standards.

As part of the Commission draft rule that would address the risks posed by large inverter based loads (IBL) connections we note the following:

- Support for clarity and restricting the scope of credible contingency events that Schedule 5.2. The proposal that plants must ride-through during a disturbance, improves transparency and predictability in performance standard negotiations.
- Support in the Commission strengthening the framework to ensure all plants meet their technical obligations to maintain system security.
 - With the draft extending the "right of testing" to all Schedule 5 participants however, Australian Energy Market Operator (AEMO) can request testing or assessment of a generator's plant if they have reasonable grounds to believe it is non-compliant with the National Electricity Rules (NER) or its connection agreement. It is therefore important that the expanded testing rights for AEMO and the more evidence required for ongoing compliance doesn't become a significant burden to existing generators who have significant compliance obligations they already are required to follow.
 - We understand the requester pays if the plant is compliant however the actual cost of operational downtime during testing can be substantial for a large generator.
- Support for new ride-through for loads. By requiring these large loads to have their own ride-through capabilities, the draft rule should reduce the reliance on operational interventions, such as the procurement of Frequency Control Ancillary Services (FCAS).

Clarify and restrict the scope of credible contingency events that Schedule 5.2 plant

Snowy Hydro supports clarity on the scope of credible contingency events that Schedule 5.2. We understand that currently, this requirement is potentially unbounded

because AEMO may reclassify non-credible contingencies as credible at any time depending on network conditions.

This draft rule would therefore improve regulatory certainty and predictability by clarifying which contingency events are covered by the automatic and minimum access standards and ultimately provide greater predictability for Snowy Hydro regarding which power system disturbances we must be able to withstand without disconnecting.

By defining and restricting these events to those used in network planning and those "likely to be reclassified," the rule provides the market with a more predictable foundation for negotiating performance standards and reduces compliance

Enable all Schedule 5 plant to be subject to requests for testing or assessments

The Commission is strengthening the framework to ensure all plants meet their technical obligations to maintain system security. This means that the draft rule extends the "right of testing" to all Schedule 5 Participants. AEMO can therefore request testing or assessment of a generator's plant if they have reasonable grounds to believe it is non-compliant with the National Electricity Rules (NER) or its connection agreement.

While the draft rule significantly strengthens the compliance framework for all Schedule 5 plant, regardless of registration status, it is important that this rule change is not used to unnecessarily increase cost on existing participants who have been compliant. AEMO and Network Service Providers (NSPs) will now be able to request testing or assessment of plant if they have "reasonable grounds" to suspect non-compliance but there should be detailed reasoning for the required testing. While we understand the requester pays if the plant is compliant, the actual cost of operational downtime during testing can be substantial for a large generator.

The Commission should be cautious in proposing onerous reporting for already Registered Participants. Under the proposed change all Registered Participants (including Snowy Hydro) would be required to provide evidence to NSPs and AEMO that their plant complies with connection agreements. Failure to provide this evidence or adhere to performance standards could lead to reclassification as a Tier 2 civil penalty provision, increasing regulatory liability.

Significant "swings" in power transfers across interconnectors


Snowy Hydro understands the concerns in the report which highlights that the rapid growth of large loads like data centres can cause significant "swings" in power transfers across interconnectors if they disconnect suddenly. By requiring these large loads to have "ride-through" capabilities, the rule will reduce the risk of cascading outages and system black events. This protects physical generating assets from sudden, damaging system-wide failures.

Unexpected large load trips in regions like Victoria or NSW could lead to AEMO applying tighter operational constraints on interconnector flows to maintain security margins. By requiring these large loads to have their own ride-through capabilities, the

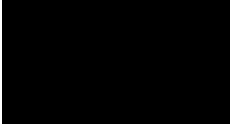
draft rule should reduce the reliance on operational interventions, such as the procurement of Frequency Control Ancillary Services (FCAS).

About Snowy Hydro

Snowy Hydro Limited is a producer, supplier, trader and retailer of energy in the National Electricity Market ('NEM') and a leading provider of risk management financial hedge contracts. We are an integrated energy company with more than 5,500 megawatts (MW) of generating capacity. We are one of Australia's largest renewable generators, the third largest generator by capacity and the fourth largest retailer in the NEM through our award-winning retail energy companies - Red Energy and Lumo Energy.

Snowy Hydro appreciates the opportunity to respond to the Commission's Improving the NEM access standards – Package 2 Draft rule determination. Any questions about this submission should be addressed to 

Yours sincerely,



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