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To:
Reliability Panel
Australian Energy Market Commission
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To:
Reliability Panel Secretariat,
Australian Energy Market Commission

Re: Draft Template for Compliance Programs (REL0095)

VeriConneX welcomes the opportunity to respond to the Reliability Panel's Draft Template published on 2 April 2026. We commend the Panel on a draft that materially advances the compliance framework and reflects genuine engagement with stakeholder input. Our response focuses on what we strongly support, where the Template may go further, and a small number of gaps we believe warrant attention before the Final Template is published in August.

We strongly support

The draft picks up several themes we raised in our 22 January submission, and the resulting framework is better calibrated to a power system increasingly defined by inverter-based and software-defined technologies. In particular:

- **Continuous monitoring elevated to a compliance principle.** New Principle 2 establishes that Registered Participants *should* institute continuous monitoring where practicable, and must document their reasons where they do not. This is exactly the regulatory signal the industry needs, and is reinforced thoughtfully in Sections 4.6 and 4.7.1.
- **New Principle 5 on plant changes.** We strongly endorse the explicit inclusion of software updates and firmware changes alongside hardware modifications. This closes a real compliance gap for modern IBR plants and aligns with how performance now actually drifts.
- **Plant-type structure (Schedules 5.2 / 5.3 / 5.3a) and new Principle 7.** Both improve clarity and provide the disciplined flexibility the framework needs.
- **Defined terms with worked examples.** The distinction between *significant disturbance*, *major disturbance* and *major event* — supported by examples — will materially reduce interpretive variance across industry.
- **Differentiated testing frequencies based on whether continuous monitoring is in place.** The draft has clearly articulated in Section 4.7 that testing frequency should be informed by whether continuous monitoring is in place. This is reflected in the appendices (e.g., Table A.13) where methods based on continuous monitoring (e.g., Method 2 of Table A.13 requiring testing every 5 years) require less frequent testing than methods based on active testing (e.g., Method 4 of Table A.13 requiring testing every 4 years).

- **Compliance tables that lead with continuous high-speed monitoring.** For the major dynamic standards (S5.2.5.3, S5.2.5.4, S5.2.5.5/5A, S5.2.5.11, S5.2.5.13), Method 1 is now monitoring-led. This is the right architecture.

Where the Template may go further

The draft establishes the right direction. A small number of refinements would convert that direction into durable industry uplift:

- **Reinforce that continuous monitoring is accompanied by active assessment** The Panel's own definition of *monitoring* in Section 4.10 of the Draft Template makes exactly the right distinction — that monitoring is active analysis to confirm ongoing compliance, not "*mere logging*". Embedding the same expectation into the testing-frequency provisions in the appendices would mitigate any ambiguity that lets passive data collection substitute for genuine ongoing assurance. The tables in the appendices as currently worded could be interpreted as the assessments being performed only periodically.
- **Provide clarity around column headers in the appendices.** The column headers reference 'suggested testing frequency,' however the column content conflates the two distinct compliance activities — continuous monitoring and active testing. Merging these into a single frequency column obscures the independent cadence requirements for each. We recommend the table be restructured to separate monitoring frequency from testing frequency, ensuring generators can clearly distinguish their obligations and auditors can assess compliance against each independently.
- **Make the risk-based framing explicit.** Principle 1 captures materiality, but a short paragraph in Chapter 4 articulating risk-based selection of method and frequency would help less mature operators apply the principles consistently.
- **Assessment Timeliness Obligations.** The draft template helpfully distinguishes between significant disturbances, major disturbances, and major events, each carrying different assessment obligations. However, the template does not appear to specify the timeframe within which assessments must be completed following each event type. Given that timeliness of assessment is material to the value of compliance monitoring — particularly for identifying and rectifying non-compliance before it compounds — the Panel may wish to consider whether assessment timeframes should be specified, or at minimum, whether guidance on expected timeliness would assist Registered Participants in designing their compliance programs.

On the two proposed rule change requests

We support both proposals in principle — each addresses a real friction in the current framework. Our suggestions below focus on the guardrails that would help convert good intent into durable outcomes.

6.1 — Aligning Template reviews with future NER changes

The inefficiency the Panel describes is real. Reviewing the Template against one version of the NER while the AEMC is mid-flight on a rule change to the next version produces stale guidance and forces asset owners to update compliance programs twice in close succession.

However, we would caution against the full removal of a cadence requirement. The current five-yearly cycle is a known forcing function — it drives industry to budget, plan, and revisit compliance programs on a predictable rhythm, and gives the AER a stable basis for its enforcement role. Replacing it with pure Panel discretion creates a risk that reviews drift and industry consensus to initiate a review cannot be assumed. A stale Template would slow the uplift to modern compliance practice and subsequently risk system security.

We suggest a hybrid approach which preserves both the alignment benefit and the cadence discipline:

- **Retain a *maximum review interval*** — we suggest seven years rather than five, giving the Panel meaningful flexibility to coordinate with AEMO's five-yearly access standards review and any subsequent rule change, without abandoning the cadence entirely.
- **Retain the Panel's existing discretion** to commence reviews earlier when triggered by AEMO or AEMC rule changes, material technological advances, or an AER request.
- **Add a public status update** at least every three years where no review is underway, so industry has visibility on the Panel's thinking and can plan accordingly.

This approach addresses the Panel's concern about wasted effort while preserving the predictability that industry — and the AER — currently relies upon. We consider an expedited or fast-tracked rule change process appropriate for a proposal of this discrete scope.

6.2 — Expanding the Template's scope to related NER and market-based obligations

We strongly support this proposal. The current arrangement, where the Template stops at the boundary of registered performance standards, encourages a siloed approach to compliance that is increasingly out of step with how plants actually perform. The same monitoring data that evidences compliance with S5.2.5.11 also evidences primary frequency response compliance and contingency FCAS market-ancillary compliance. Treating these as separate compliance domains, with separate methods and separate tools, is duplicative and does not add to system security. As the Panel itself notes, the AER's 2022 FCAS Compliance Bulletin already signals that a GPS-only compliance approach falls short of good electricity industry practice — the regulatory expectation exists; the Template just needs to catch up.

Done well, this expansion would deliver three concrete benefits: better-aligned compliance methods for Registered Participants, clearer expectations on what good electricity industry practice actually requires across the full obligation set, and reduced duplication for operators who today run parallel compliance processes.

Given the Tier 1 civil penalty surface attached to compliance programs, we recommend three guardrails to ensure any scope increase is purposeful rather than expansive:

- **A clear nexus test.** The Template should only cover non-GPS obligations where there is a direct connection to a registered performance standard. Catch-all expansion would invite boundary disputes and undermine the Template's clarity and technical focus.

- **Targeted consultation for material additions.** Material expansions of scope should undergo their own focused consultation, rather than being folded into a general periodic refresh. This protects against scope creep and gives industry a proper opportunity to engage on specific obligations.
- **Explicit recognition of integrated programs.** The principles or supporting guidance should make clear that an integrated compliance program covering multiple obligation domains represents good electricity industry practice. This closes off any argument that operators must maintain parallel compliance silos to satisfy the AER.

With these guardrails in place, we consider this proposal would meaningfully improve compliance outcomes and align well with the NEO. Given the broader implications, we suggest this proposal warrants a standard (rather than expedited) rule change process to allow industry to engage on the scoping detail.

Closing

The Panel has done the hard work of integrating monitoring, plant change management, and outcome-focused principles into a single coherent framework. Our remaining suggestions are about converting good direction into durable practice — particularly closing the loop between monitoring posture, active assessment, and proportionate testing frequency.

VeriConneX would welcome the opportunity to discuss any of the above ahead of the Final Template expected to be released in August, including by sharing practical implementation experience from across the more than 3.5 GW of generation and storage assets currently using continuous compliance monitoring in the NEM.

Yours faithfully,



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Managing Director, VeriConneX