Energy market body coordination on data centre reforms

FACT SHEET

Current as at November 2026

Energy market bodies are working together to harness opportunities and address challenges resulting from data centres connecting to Australia's power system at increasing pace and scale. Coordination will ensure alignment and consistency across the reform package.

The ***Australian Energy Market Commission*** (AEMC), ***Australian Energy Market Operator*** (AEMO), and ***Australian Energy Regulator*** (AER) are working quickly and efficiently to deliver a coordinated reform package that will apply across the ***National Electricity Market*** (NEM).

This explainer document outlines the current data centre-related reform program being led by the market bodies. There are three focus areas: planning and investment, connecting, and operations and visibility. A detailed timeline is included in this fact sheet.

The market bodies are also progressing a range of other related workstreams, including AEMO's ***General Power System Risk Review*** and ***demand forecasting***, which consider data centres within their scope.

1 Focus area: Planning and investment



To maintain a reliable and affordable system for energy consumers, data centres will be required to invest in enough clean and firm energy to offset their demand. Reforms to data centre planning and investment are being addressed via the following workstreams:

Reforms to be delivered via Commonwealth legislation

Data centres will be required to offset their consumption from new renewable generators as part of a ***Renewable Electricity Guarantee of Origin*** (REGO) scheme.

The Commonwealth Department of Climate Change, Energy, the Environment and Water (DCCEEW) is leading this work, which will be delivered through Commonwealth legislation.

Market bodies are supporting DCCEEW and the Clean Energy Regulator in the design and implementation of this reform.

AEMC rule change: Data centre contracting obligation

This rule change request, submitted to the AEMC by the federal Minister for Climate Change and Energy in consultation with states and territories, considers how data centres could be required to demonstrate their demand would be matched by firmed capacity, either through contracting, investment in storage, or demand flexibility.

The AEMC is planning to commence this rule change process in December 2026.

AEMC Australian Energy Market Commission

AEMO AUSTRALIAN ENERGY MARKET OPERATOR

AER AUSTRALIAN ENERGY REGULATOR

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2 Focus area: Connecting data centres

This focus area considers data centres as they progress through the connections process. Changes here aim to ensure data centres connect to the network efficiently and make appropriate contributions toward any upgrades needed to facilitate their connection to the network.

AEMC rule change:
Improving the NEM access standards - Package 2

The AEMC has completed a rule change to improve the NEM access standards by managing the system security impacts of large inverter-based loads, such as data centres. A draft rule was made in March 2026 and the final determination was published on 12 November 2026.

AEMO interim guideline: (related to the rule change to the left)
Interim guideline for connection of inverter-based loads

AEMO is developing an interim guideline, for publication following the AEMC's Improving the NEM access standards - Package 2 final determination. The interim guideline is expected to be in place until AEMO has consulted on and updated its guidelines, including modelling and system strength impact assessment guidelines, to comply with the AEMC's final determination and rule.

AEMC rule change:
Cost recovery for network augmentations - *Package 1* and *Package 2*

Network upgrades may be required before a data centre is able to connect. The AEMC has received two rule change requests, submitted by the federal Minister for Climate Change and Energy, that seek to consider whether and if so, how, data centres should pay for the upgrades they trigger. A consultation paper was published on 24 September 2026.

AER guidelines review:
Connection charge guidelines for distribution networks

The AER is reviewing its connection charge guidelines for distribution networks to determine whether the current distribution connection charge guidelines remain fit-for-purpose considering the rapid growth in emerging large load connections, such as data centres.

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AEMC rule change:
Improving the connections process

This rule change request, submitted to the AEMC by the federal Minister for Climate Change and Energy in consultation with states and territories, considers changes to streamline the connections agreement process for data centres that would incentivise demand flexibility and co-location with generation and firming.

The AEMC is planning to commence this rule change request in early 2027.

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Focus area: Operations and visibility

This focus area considers data centres as they prepare and begin operations and gradually increase their capacity.

The following workstreams would ensure data centres function in a manner that maintains the reliability, security, and integrity of the energy power system and markets:

AEMO:
Market visibility framework

AEMO is currently consulting on a draft design for a mandatory framework to improve the visibility of price-responsive resources and their participation in dispatch.

If endorsed by energy ministers, the framework would establish arrangements for the provision and use of information about price-responsive behaviour and, where appropriate, the scheduling of those resources for dispatch.

Final recommendations on the detailed design, consumer benefits, and implementation pathways are due to be provided to energy ministers in late 2026.

AEMC rule change:
Operational integration and visibility of large inverter-based loads

This rule change request submitted by AEMO to the AEMC aims to support efficient market operation and secure, reliable power system operation through clearer, more consistent operational visibility, monitoring, communication and information-sharing arrangements.

The AEMC will consider whether data centres and other inverter-based loads should be registered in the market, as per the rule change request. This is also consistent with recommendation three in the AEMC's advice to the Energy and Climate Change Ministerial Council (ECMC).

A consultation paper was published on 12 November 2026.

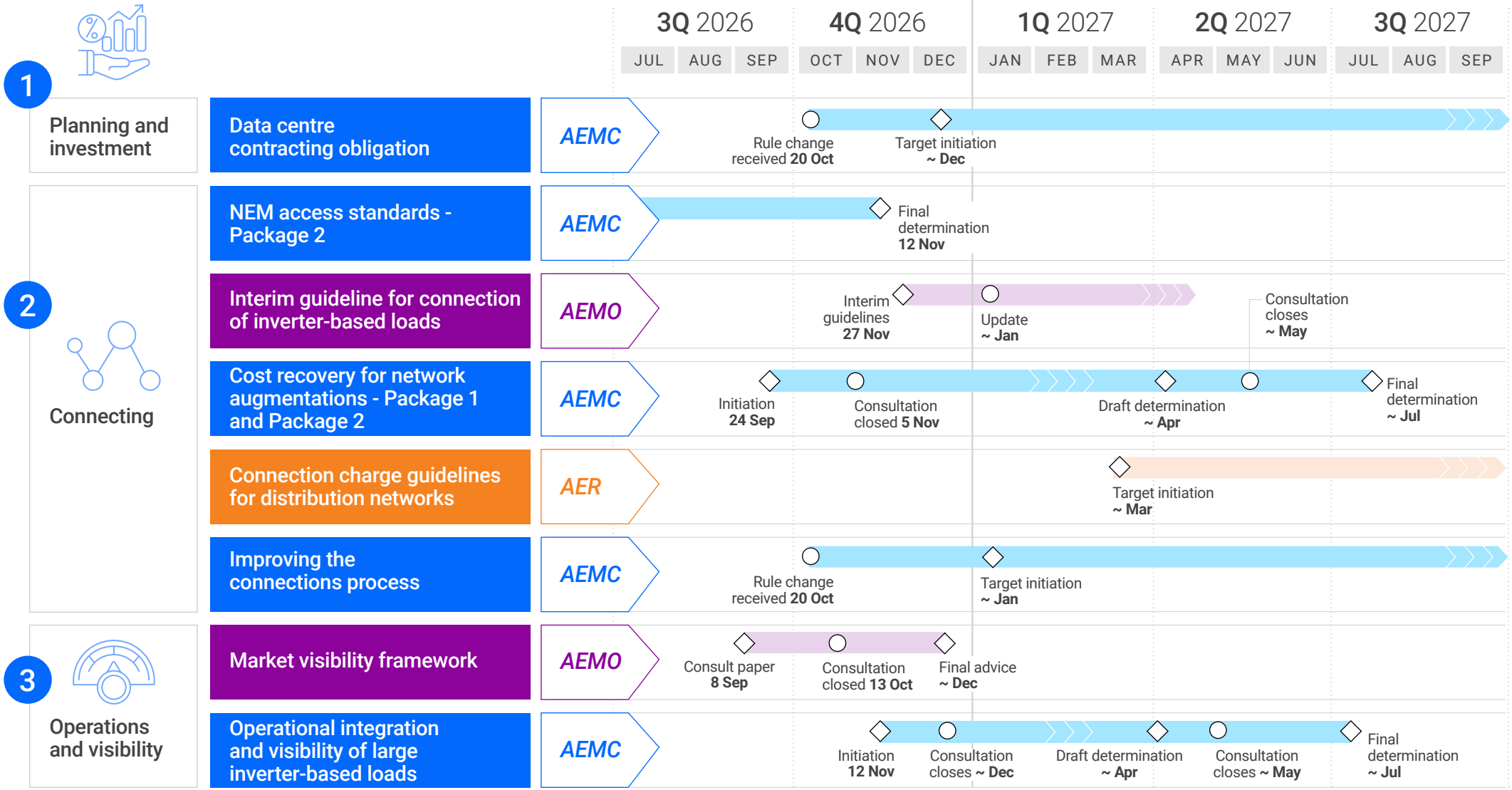
Page four has a detailed timeline of the abovementioned AEMC, AER, and AEMO workstreams.

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The market body data centre work program

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KEY Icons ◇ Milestones ○ Key date

* Please note timeframes are indicative only.