AEMC
Australian Energy Market Commission

INFORMATION

We are seeking feedback on improving operational integration and visibility of large loads

We are initiating a rule change request that seeks to ensure that AEMO and networks have consistent visibility and an appropriate framework to manage data centres and other large inverter based loads

The Commission has published a consultation paper seeking stakeholder views on a rule change request received from the Australian Energy Market Operator (AEMO) (the proponent).

Large Inverter based loads (IBLs), including data centres, hydrogen electrolysers and other power electronic driven facilities, will become a larger share of electricity demand in the National Electricity Market in coming years. Large IBLs, as opposed to traditional large loads, can rapidly change their electricity demand which, if not appropriately managed, can lead to grid instability which costs all electricity consumers. This risk grows, as more and larger IBLs connect nearby to one another.

The proponent's rule change request identifies gaps in the existing arrangements for integrating large IBLs into the NEM. In particular, the proponent considers that the NER does not currently provide AEMO and network service providers (NSPs) with consistent visibility of large IBL behaviour nor an appropriate framework for managing significant and rapid changes in demand.

To address this risk, AEMO identified several potential regulatory pathways, including a new registration requirements for large IBLs, new or amended access standards, obligations on NSPs or large IBLs and supporting guidelines and procedures.

In this consultation paper, the Commission builds on the proponent's rule change request to provide stakeholders with more detailed policy options. These are not settled Commission positions, and should be treated as working hypotheses about how to address the issues raised in the rule change request. Specifically, the consultation paper discusses two key reforms:

- **A registration framework for large IBLs:** We are seeking feedback on the costs and benefits of requiring registration of data centre compared to the status quo; including introducing information sharing requirements through the projected assessment of system adequacy (PASA) framework, and how the registration requirement should be implemented
- **Additional access standards for large IBLs:** We are also seeking feedback on new requirements for communications, telemetry, remote monitoring and control, and management of the rate of change of active power. This includes consultation on a minimum rate of change of active power limit of ±40 MW/min for the mainland NEM and ±10 MW/min for Tasmania. These are intended to improve real-time operational visibility and provide capabilities to manage rapid and material changes in large IBL demand.

The Commission is seeking feedback on approaches to adapt the current registration framework to include large IBLs, rather than introducing a permanent Registered Participant category. As part of this, the Commission is interested in views on:

- which assets should be subject to registration requirements and consequential obligations, including whether:
  - the 30 MW threshold for large IBL introduced in the *Improving the NEM access standards – Package 2* final rule provides an appropriate basis for registration or whether a different threshold may be more appropriate in the context of registration (as opposed to applying technical standards).
  - the registration requirement and any associated obligations should apply to existing large IBL as well as new large IBL that are yet to connect.

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- whether a requirement to participate as a Voluntarily Scheduled Resource (VSR) under the Integrating Price Responsive Resources (IPRR) final rule, supports the long-term operational integration and visibility of large IBL, and participation of demand flexible plant.
- whether a new unit classification may be needed
- whether, due to the delay in the implementation of the IPRR, an interim solution is needed, such as a temporary Registered Participant category for large IBL operators.

For a full description of the issues and initial policy solutions, please refer to the consultation paper on our website.

This rule builds on and will contribute to a broader program of work to support the integration of data centres and large IBL

Two key developments proceed this rule change request:

- In July 2026, the Commission provided advice to the Energy and Climate Change Ministerial Council (ECMC) on regulatory reforms that would require data centres to offset their electricity demand with new firmed renewables, which included a recommendation to introduce mandatory registration for data centres. These recommendations were supported by ECMC (except Queensland and the Northern Territory), and were followed by a letter from Minister Bowen encouraging the AEMC to consider mandatory registration requirements for data centres in this rule change request.
- The final rule for *Improving the NEM access standards - Package 2* (ERC0394) was published on 12 November. It provides an important technical foundation for this rule change request by establishing definitions and thresholds for large IBLs, and disturbance ride-through and instability monitoring requirements. These new rules provide a useful starting point for registration and access standards considerations in this rule change process.

This project sits in a broader program of work to address growing data centre demand.

- **Cost recovery for network augmentations:** The Commission is currently considering whether existing arrangements appropriately allocate the network costs and risks associated with connecting data centres and other large loads, including upstream augmentation costs and the risk of stranded network investment. Stakeholder submissions to this process closed 5 November 2026.
- **Data centre contracting obligation for use of firmed energy:** The Commission received a rule change request from Minister Bowen on 20 October 2026 seeking to introduce a contracting obligation for firmed energy for data centres. The request is planned for initiation in the near future. The registration considerations in this rule change are particularly relevant to that reform because registration could provide the regulatory foundation through which requirements specific to large data centres can be applied.
- **Supporting demand flexibility and co-location through connection agreements:** The Commonwealth has also submitted a related rule change request seeking a clearer connection pathway for large energy users, including data centres, where they co-locate with renewable generation and storage or offer demand flexibility to the grid.

When considering and progressing these upcoming rule change requests, the Commission will consider the interlinkages across the broader suite of data centre-related reforms.

Submissions close on 17 December 2026

We welcome stakeholder engagement on the issues, policy solutions, and our assessment criteria that will guide us in making a rule that promotes the National Electricity Objective (NEO). For maximum effectiveness, we suggest that your submissions are framed in terms of the NEO.

Submissions to the consultation paper are due by 17 December 2026. The Commission intends to publish the draft determination on 1 April 2027 to align with the cost recovery rule change, subject to the complexity and materiality raised by stakeholders.

We are hosting an online information session for the AEMC's data centre work program from 1:00pm to 3:00pm on Friday 27 November, providing an opportunity to ask questions about this and other data centre related rule changes. Please register at the following link.

For information contact:

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