

12 February 2024

Nomiky Panayiotakis
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
SYDNEY, NSW, 2000

Dear Ms Panayiotakis,

Rule change to reset Powerlink's system strength unit prices

AEMO supports the AEMC's proposed expedited rule change to reset Powerlink's system strength unit prices.

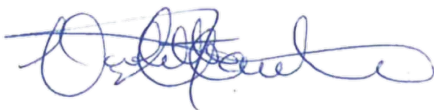
The rule change will facilitate a reduction in the cost of procuring system strength from Powerlink and allow connection applicants that have previously declined to procure system strength from Powerlink to procure system strength at the lower price. This promotes efficient investment in the National Electricity Market (NEM) to maintain system strength with the increasing installation of "grid following" inverters (including wind and solar generation and large-scale batteries).

AEMO has two minor comments on the rule change proposal. The rule change proposal allows 10 business days for connection applicants that have previously declined to pay the system strength charge to opt into paying the system strength charge. AEMO considers:

1. Ideally the timing of this rule change would align with any rule change regarding the calculation of system strength quantity (ERC0375) to ensure that the system strength charge is more cost reflective.
2. Connection applicants may need more time to make an informed choice regarding whether to elect to pay the system strength charge than 10 business days. We note that the AEMC's draft system strength quantity rule change allows connection applicants 20 business days.

If you have any questions regarding this submission please contact Kevin Ly, Group Manager – Reform Development & Insights at kevin.ly@aemo.com.au.

Yours sincerely,



Violette Mouchaileh
Executive General Manager – Reform Delivery

