



## RELIABILITY PANEL AEMC

Level 15, 60 Castlereagh Street Sydney NSW 2000

T 02 8296 7800

E [aemc@aemc.gov.au](mailto:aemc@aemc.gov.au) ABN 49 236 270 144

[www.aemc.gov.au](http://www.aemc.gov.au)

29 July 2024  
Ms Anna Collyer  
Chairperson, Australian Energy Markets Commission  
By email: [aemc@aemc.gov.au](mailto:aemc@aemc.gov.au)

Dear Anna,

### **Rescheduling the template for generator compliance programs review**

The Reliability Panel (Panel) requests that the AEMC make a transitional rule requiring the next scheduled review of the template for generator compliance programs (template) to commence by 19 December 2025. Existing NER arrangements require the Panel to conduct the next scheduled template review by 19 December 2024.

Under the NER, the Panel is responsible for determining and publishing the template. The template supports NEM security and reliability by providing guidance for registered participants on the design of programs to demonstrate ongoing compliance with their technical connection obligations.

The Panel seeks to delay the next scheduled template review to allow it to consider upcoming changes to the NER's technical access standards. The access standards are critical input to the Panel's determination of a template that best supports security and reliability in the NEM.

The Panel considers this change will promote the National Electricity Objective relative to likely outcomes under existing arrangements.

The Panel considers all interested parties will benefit from this rule change, and as such, it should be considered a 'non-controversial rule' for the purposes of the National Electricity Law (NEL), allowing the rule change to be run under an expedited timeframe.

Yours sincerely

Mr Tim Jordan  
Reliability Panel chair

## Introduction/Context

The Reliability Panel forms part of the AEMC's institutional arrangements and has functions and powers conferred on it under the National Electricity Law (NEL) and National Electricity Rules (NER). It is the responsibility of the Reliability Panel to (among other things) monitor, review and report on the safety, security and reliability of the national electricity system.<sup>1</sup>

One of the Panel's functions under the NER is to determine and publish the template for generator compliance programs (template).<sup>2</sup> The template specifies a set of principles, provides information about the compliance framework, and specifies test methods and procedures that may be used by registered participants to demonstrate ongoing compliance with their technical performance standards.<sup>3</sup> While its current focus is on generators, a compliance program consistent with the template is also a requirement for all registered participants.

To maintain the security of the National Electricity Market (NEM), market participants must comply with relevant technical standards. Achieving high levels of compliance with technical standards is fundamental to the safe and reliable operation of the NEM within the power system's technical envelope. While generators are responsible for instituting and maintaining their own compliance programs, they need to ensure their programs are consistent with the template.<sup>4</sup> The template may also assist the Australian Energy Regulator (AER) in enforcing and monitoring generators' compliance with the technical requirements.

The Panel is required to review the template every five years and may update the template following the review. In doing so, the Panel considers changes in technology and technical performance requirements since the last review.<sup>5</sup> This review cycle ensures that the template is periodically considered to make sure it is fit for purpose in a changing NEM. The Panel follows the review process set out in Rule 8.8.3 of the NER and as set out in terms of reference issued by the AEMC. Once the review is completed, the Panel publishes an updated template and accompanying report. The template was last reviewed in December 2019, and so under the five-year timeframe specified by the current framework, the Panel must conduct its review of the template by 19 December 2024.<sup>6</sup>

### **AEMO has proposed material changes to the NER technical access standards**

The NER's technical access standards are a fundamental input to a Panel template review. In addition to compliance principles and general guidance, the template includes a table specifying candidate test methods for each of the NER access standards. The review must, therefore, consider the template's test methods accounting for changes made to the NER access standards.

---

<sup>1</sup> The Panel's functions under the NER are set out in 8.8.1 of the NER.

<sup>2</sup> Under clause 8.8.1(a)(2b) of the National Electricity Rules (NER), the Panel must determine and modify as necessary and publish the template. The Panel must determine the template in accordance with clause 8.8.3.

<sup>3</sup> The template can be found at: <https://www.aemc.gov.au/sites/default/files/2020-01/template%20for%20generator%20compliance%20programs%202019.pdf>

<sup>4</sup> Clause 4.15(b) of the NER.

<sup>5</sup> Clause 8.8.3(ba) of the NER requires the Panel to conduct a review of the template at least every five years from the date the template for generator compliance programs determined pursuant to clause 8.8.3(a) of the NER and at such other times as the AEMC may request. Following such a review, the Panel may amend the template for generator compliance programs in accordance with its report to the AEMC submitted under clause 8.8.3(j) of the NER.

<sup>6</sup> The 2019 template review published its final report and updated template on 19 December 2019. Further information can be found at: <https://www.aemc.gov.au/market-reviews-advice/generator-compliance-template-review-2019>

Following its recent technical requirements for the connection process review,<sup>7</sup> AEMO has submitted two packages of rule changes to the AEMC seeking changes to the technical access standards. The changes proposed by AEMO are extensive thereby requiring detailed consideration in any template review. AEMO's rule changes have two packages:

- package 1, of more straightforward changes, and
- package 2, which includes change requests that are less developed and would benefit from additional consultation and development.<sup>8</sup>

AEMO has requested that package 1 be considered via the fast-track rule change process and package 2 changes proceed via a standard rule change process. The Panel understands that the AEMC is still considering the timing and process for assessing these rule changes but expects that consideration of the first package will not be completed before 19 December 2024.

## The nature and scope of the issue being addressed

The Panel considers the review's timing requirements, as set out in the NER, to be inconsistent with the need to consider the outcomes of the upcoming technical standard rule changes in any updated template.

The NER requires the Panel to conduct the review by 19 December 2024. Completing the review by the deadline will preclude the Panel from considering any changes arising from the technical access standards rule changes. Alternatively, the AEMC may issue terms of reference for the review allowing the Panel to commence, rather than conclude, the review on this date. This approach would allow the review to consider technical access standard changes when they become available at a future time.

Even if the Panel commenced, rather than concluded, the review by 19 December 2024:

- An uncertain and possibly extended review duration may be expected. AEMO has proposed a large number of changes to the technical access standards. While they have requested that the first package of changes be considered on a fast-track basis, uncertainty still exists on the final rule date given the materiality of what has been proposed and the fact that the AEMC has yet to commence this rule change. This creates the potential for an uncertain and possibly extended review timeline, which may undermine stakeholder engagement and hinder the Panel's ability to determine the most fit-for-purpose template.
- A complex review process, including redundant public consultation, may result. The NER requires four weeks of public consultation at review commencement. This initial consultation may have limited utility in the absence of information on changes to the technical standards, with an additional round of consultation required prior to a draft decision once technical standard changes become available. Public consultation under the above scenario would likely be confusing for stakeholders, consume additional stakeholder and panel resources, and potentially reduce stakeholder engagement at later review stages when substantive stakeholder input is required.

We understand that a final rule determination on AEMO's first package of access standard changes can confidently be expected prior to the end of 2025. We consider it important for the template review to understand the outcomes from the first package as this contains the greatest number of changes.

We note that the AEMC can always request an ad hoc follow-up template review at any time if it considers such an update prudent, including after considering other possible future changes to the technical standards. An AEMC-requested review doesn't face any of the deadline considerations that are motivating this rule change request.

---

<sup>7</sup> For further information see: <https://aemo.com.au/en/consultations/current-and-closed-consultations/aemo-review-of-technical-requirements-for-connection#:~:text=the%20technical%20requirements.-,Under%20NER%205.2.,first%20review%20under%20that%20provision.>

<sup>8</sup> For further information see: <https://www.aemc.gov.au/rule-changes/improving-nem-access-standards-package-1>

## Description of the rule proposed to be made

The Panel proposes the AEMC make a transitional rule allowing the Panel to delay the commencement of the next review of the template to 19 December 2025. The extension in time would solely apply to the upcoming review. Existing arrangements would apply to all future reviews, which occur every five years or at such other time as the AEMC requests. We do not propose to change the process arrangements by which the Panel has to conduct this review i.e. under clause 8.8.3 of the NER.

The proposed rule change provides sufficient time for the AEMC to make the first package of technical standard changes before the Panel commences the review so the Panel can take this into account. If required, the AEMC may request a subsequent template review to address the second package of changes.

## How the proposed rule contributes to the National Electricity Objective

This rule change request seeks changes to the NER in a way that contributes to the National Electricity Objective, which is to promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity with respect to -

- (a) price, quality, safety, reliability and security of supply of electricity
- (b) the reliability, safety and security of the national electricity system
- (c) the achievement of targets set by a participating jurisdiction—
  - i. for reducing Australia's greenhouse gas emissions; or
  - ii. that are likely to contribute to reducing Australia's greenhouse gas emissions.

The request to make a transitional rule allowing the Panel to delay the commencement of the template review to 19 December 2025 would:

- enhance efficiency by minimising participant and Panel resources via a prompt review.
- enhance stakeholder engagement leading to a template that best supports participant compliance and NEM security and reliability

## Expected benefits and costs of the proposed rule on affected parties

Interested parties include registered participants, AEMO, and the AER. The Panel considers all parties will benefit, relative to outcomes under existing arrangements, from the simplest, clearest review process that commences with the benefit of all substantive information

- Registered participants will benefit from avoiding redundant consultation periods and a highly uncertain review timeline. The rule change will minimise stakeholder resource and cost requirements and enhance stakeholder confidence and engagement.
- The Panel, AEMO, and the AER will benefit from a focussed template review, which is more likely to promote security and reliability in the NEM.

The Panel is not aware of any material costs or dis-benefits for any group of market participants from this rule change request. Given this, the Panel considers this rule change should be considered by the AEMC as a non-controversial rule for the purposes of the NEL.