



**Consultation paper**

**National Electricity Amendment  
(Rescheduling the generator  
compliance programs review) Rule  
2024**

**Proponent**

The Reliability Panel

## Inquiries

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## About the AEMC

The AEMC reports to the energy ministers. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the energy ministers.

## Acknowledgement of Country

The AEMC acknowledges and shows respect for the traditional custodians of the many different lands across Australia on which we all live and work. We pay respect to all Elders past and present and the continuing connection of Aboriginal and Torres Strait Islander peoples to Country. The AEMC office is located on the land traditionally owned by the Gadigal people of the Eora nation.

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## Summary

- 1 The Reliability Panel (Panel) submitted a rule change request to the Australian Energy Market Commission (AEMC) on 29 July 2024 to delay the commencement of the upcoming review of the template for generator compliance programs (template) by 12 months. This delay would allow the Panel to most efficiently consider upcoming changes to the National Electricity Rules' (NER) technical access standards in the template review.<sup>1</sup>
- 2 Achieving high levels of compliance with technical access standards is fundamental to the safe and reliable operation of the National Electricity Market (NEM). The template for generator compliance programs assists generators with the development and design of programs that demonstrate ongoing compliance with the technical performance standards applicable to their plant.
- 3 Under the NER, the Panel is responsible for reviewing the template every five years and at such other times the AEMC may request.<sup>2</sup> The last review of the template was completed on 19 December 2019.<sup>3</sup> This means that under existing NER arrangements, the Panel must conduct the next review by 19 December 2024.<sup>4</sup>
- 4 On 4 April 2024, the Australian Energy Market Operator (AEMO) submitted two rule change requests to the AEMC with two packages of proposed changes to the NEM's technical access standards for connections.<sup>5</sup> These two packages propose a number of changes to technical access standards that are important considerations for the Panel's upcoming review. This is because the template provides guidance and test methods for registered participants to use to demonstrate compliance with each access standard in the NER and as negotiated in their connection agreement.
- 5 The Reliability Panel considers that the current timeframe for completing the review does not result in an efficient process. Therefore, the Panel proposes a transitional rule that would allow the Panel to delay commencement of the next review of the template to 19 December 2025. The extension in time would solely apply to the upcoming review. This would provide an opportunity for the relevant content of AEMO's access standards rule changes to be considered in the review.

## We are seeking your views on the Panel's characterisation of the issue

- 6 The Panel considers that the current timing for the review does not allow efficient consideration of the upcoming proposed changes to the technical standards. The current timing would result in either: not allowing any changes from the rule changes to be considered; or an uncertain and possibly extended review duration and a complex review process including redundant public consultation.
- 7 We are seeking your feedback on the Panel's characterisation of the problem and its assessment that under existing NER arrangements, the upcoming review process would be inefficient. See further details in Chapter 2.

1 See [Improving NEM access standards – Package 1](#); [Improving NEM access standards – Package 2](#).

2 See clause 8.8.3(ba) of the NER.

3 The Reliability Panel, [Generator Compliance Template Review](#), 2019.

4 Clause 8.8.3(ba) of the NER requires the Panel to 'conduct' a review at least every five years from the date of the last review.

5 Package 1 includes changes to access standards for generators, integrated resource systems, synchronous condensers and high-voltage direct current (HVDC) links. AEMO proposes this package progress on a fast-tracked rule change process. See AEMC, [Improving NEM access standards – Package 1](#), 2024. Package 2 includes a set of less-developed changes to the NER, including amendments to obligations for loads. AEMO proposed the AEMC considers these changes using the standard rule change process as they would benefit from further consultation. See AEMC, [Improving NEM access standards – Package 2](#), 2024.

## We are also seeking your views on the Panel’s proposal to delay commencing the review by 12 months

- 8 The Panel considers that a 12-month delay to the commencement of the upcoming review could allow sufficient time for the AEMC to make rule changes in relation to the first package of technical access standards before the Panel commences the review, so that the Panel can take any changes into account. This would minimise Panel and stakeholder time and resource requirements, maximise stakeholder engagement and ultimately lead to the most fit-for-purpose template that best supports participant compliance and system security.<sup>6</sup>
- 9 The AEMC is seeking your feedback on whether the proposed solution would address the issue raised by the proponent. See further details in Chapter 3.

## The Commission has decided to use the expedited rule change process

- 10 The Panel requested that the AEMC progress this rule change request on an expedited process. The expedited rule change process is shorter than the standard process, running for eight weeks, and is used when a rule change request is either urgent or non-controversial.
- 11 The Commission agrees with the Panel’s proposal that this request is non-controversial. It considers the rule change request would be unlikely to have a significant effect on the NEM because the scope of the request is limited and does not call for greater reform to the NER.
- 12 Participants can object to the Commission treating this on an expedited basis. Objections are due by 18 October 2024. The process on how to object to an expedited process can be found in Section 1.3.
- 13 Given the proposed use of the expedited process, which does not include a draft rule stage, we have also published indicative drafting for a final rule (if made), based on the solution proposed by the proponent for stakeholder information and comment.

## We consider that there are three assessment criteria that are most relevant to this rule change request

- 14 Considering the NEO<sup>7</sup> and the issues raised in the rule change request, the Commission proposes to assess the rule change request against three assessment criteria. These being:
- **Safety, security and reliability:** promoting the efficient operation of services, in particular generation facilities.
  - **Implementation considerations:** the implementation considerations of timing and uncertainty, and cost and complexity are fundamental to this rule change request.
  - **Principles of good regulatory practice:** this criterion is critical to this rule change request as it will impact the regulatory practice of the review.
- 15 We are after stakeholder feedback on these criteria.

## Submissions are due by 1 November 2024

- 16 We welcome your feedback throughout the rule change process.

6 The Panel considers that the proposed 12-month delay is sufficient to ensure that at least package 1 of AEMO’s access standard rule changes have been made. Should Package 2 not be finalised in time for the upcoming review, it can be considered in a subsequent template review requested by the AEMC.

7 Section 7 of the NEL.

- 17 Written objections to the expedited process must be lodged with the Commission by 5pm, **18 October 2024** via the Commission's website, [www.aemc.gov.au](http://www.aemc.gov.au).
- 18 Written submissions responding to this consultation paper must be lodged with Commission by **1 November 2024** via the Commission's website, [www.aemc.gov.au](http://www.aemc.gov.au).

## Full list of consultation questions

### **Question 1: Do you agree with the Reliability Panel's characterisation of the problem?**

Do you agree with the Panel's assessment that, under the existing NER arrangements, the upcoming review process would be inefficient without consideration of the access standard rule changes? Do you have any feedback on the issues raised by the Panel?

### **Question 2: Would the proposed solution address the issue raised by the proponent?**

Do you consider that the proposed solution would solve the problem raised? Or, are there alternative solutions to consider?

### **Question 3: What are your views of the costs and benefits of the proposed solution?**

Do you agree with the benefits and costs of the proposed solution? Are there any costs not listed? Are there any dis-benefits not identified?

### **Question 4: Assessment framework**

Do you agree with the proposed assessment criteria? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

## How to make a submission and object to expedited process

### We encourage you to make a submission

Stakeholders can help shape the solutions by participating in the rule change process. Engaging with stakeholders helps us understand the potential impacts of our decisions and, in so doing, contributes to well-informed, high quality rule changes.

We have included questions in each chapter to guide feedback, and the full list of questions is above. However, you are welcome to provide feedback on any additional matters that may assist the Commission in making its decision.

### How to make a written submission

**Due date:** Written submissions responding to this consultation paper must be lodged with Commission by 1 November 2024.

**How to make a submission:** Go to the Commission's website, [www.aemc.gov.au](http://www.aemc.gov.au), find the "lodge a submission" function under the "Contact Us" tab, and select the project reference code ERC0401.<sup>8</sup>

Tips for making submissions are available on our website.<sup>9</sup>

**Publication:** The Commission publishes submissions on its website. However, we will not publish parts of a submission that we agree are confidential, or that we consider inappropriate (for example offensive or defamatory content, or content that is likely to infringe intellectual property rights).<sup>10</sup>

### How to object to an expedited process

The Commission proposes to use an expedited process (eight weeks, one round of consultation) for this rule change for the reasons set out in Section 1.2. You can object to this process. We will switch to the standard rule change process if we receive a valid objection.<sup>11</sup>

**Due date:** Written objections to the expedited process must be lodged with Commission by 18 October 2024.

**How to lodge an objection to the expedited process:** Go to the Commission's website, [www.aemc.gov.au](http://www.aemc.gov.au), find the "lodge a submission" function under the "Contact Us" tab, and select the project reference code ERC0401.<sup>12</sup>

**Contents:** Objections must set out the reasons why you consider the Rule is not unlikely to have a significant effect on the national electricity market.

**Publication:** The Commission publishes objections on its website. However, we will not publish materials that we agree are confidential, or that we consider inappropriate (for example offensive or defamatory content, or content that is likely to infringe intellectual property rights).<sup>13</sup>

### For more information, you can contact us

Please contact the project leader with questions or feedback at any stage.

8 If you are not able to lodge a submission online, please contact us and we will provide instructions for alternative methods to lodge the submission.

9 See: <https://www.aemc.gov.au/our-work/changing-energy-rules-unique-process/making-rule-change-request/submission-tips>

10 Further information is available here: <https://www.aemc.gov.au/contact-us/lodge-submission>

11 See section 96 of the NEL. The Commission will consider if the reasons set out in the objection are misconceived or lacking in substance.

12 If you are not able to lodge an objection online, please contact us and we will provide instructions for alternative methods to lodge the objection.

13 Further information is available here: <https://www.aemc.gov.au/contact-us/lodge-submission>

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## Contents

<b>1</b>	<b>The context for this rule change request</b>	<b>1</b>
1.1	The Panel will review the template’s guidance on compliance with technical performance standards	1
1.2	The Reliability Panel have proposed the rule should be expedited	3
1.3	We have started the rule change process	3
<b>2</b>	<b>The problem raised in the rule change request</b>	<b>5</b>
2.1	AEMO has proposed material changes to the access standards that require consideration in the template review	5
2.2	The current template review deadline would lead to an inefficient and uncertain review process	6
<b>3</b>	<b>The proposed solution and implementation</b>	<b>7</b>
3.1	The Reliability Panel proposes to delay commencement of the review by 12 months	7
3.2	The Panel anticipates stakeholders would benefit from the proposed solution	8
<b>4</b>	<b>Making our decision</b>	<b>9</b>
4.1	The Commission must act in the long-term interests of consumers	9
4.2	We propose to assess the rule change using these three criteria	9
4.3	We have three options when making our decision	10
4.4	We may make a different rule to apply in the Northern Territory	11
	<b>Abbreviations and defined terms</b>	<b>12</b>
	<b>Tables</b>	
Table 1.1:	The rule change process	3



# 1 The context for this rule change request

On 29 July 2024, the Australian Energy Market Commission (the AEMC or Commission) received a rule change request from the Reliability Panel (Panel). The rule change request seeks to delay the next scheduled template for generator compliance programs review (review) by 12 months. Under the Panel's proposed rule, the next review would be delayed to commence by 19 December 2025. This consultation paper seeks stakeholder feedback on this rule change request.

The Panel considers its proposed rule change would allow the review to progress more efficiently. This is because it would potentially be able to consider outcomes from the rule change requests submitted by AEMO to the AEMC on technical access standards.

This section provides an overview of the Panel's rule change request, along with relevant context and background.

This section sets out:

- The role of the Reliability Panel in reviewing the template
- The Panel's proposal to expedite the rule change
- The rule change process

## 1.1 The Panel will review the template's guidance on compliance with technical performance standards

Clause 8.8.1(2B) of the National Electricity Rules (NER) requires the Panel to determine, and modify where necessary, the template for generator compliance programs (template).

### 1.1.1 The template provides guidance on the design of programs that demonstrate ongoing compliance with technical performance standards

Achieving high levels of compliance with technical standards is fundamental to the safe and reliable operation of the National Electricity Market (NEM). The template assists generators with the development and design of programs that are used to demonstrate ongoing compliance with the technical performance standards applicable to their plant.

The NER requires a registered participant to comply with the performance standards that are set out in its connection agreement.<sup>14</sup> Registered participants are also required to develop and maintain a performance standards compliance program that is consistent with the template.<sup>15</sup> While its existing focus is on generators, it is also a requirement for all registered participants to have a compliance program consistent with the template.<sup>16</sup>

The template clarifies what constitutes good electricity industry practice regarding technical standard compliance. It specifies:

- a set of compliance principles
- information about the compliance framework
- a table detailing the specific test methods and procedures that may be used to demonstrate compliance with each of the technical performance standards set out in the Schedule to Chapter 5 of the NER.

<sup>14</sup> See rule 4.15(a)(1) of the NER.

<sup>15</sup> See rule 4.15(c) of the NER.

<sup>16</sup> The detailed test methods for demonstrating compliance in the current template are limited to those applying to generator connections.

### 1.1.2 The Panel is required to review the template every five years

The NER requires the Panel to review the template every five years and at such other times as the AEMC may request.<sup>17</sup> The last review of the template was completed on 19 December 2019.<sup>18</sup> Under existing NER arrangements, the Panel is therefore required to conduct the next review by 19 December 2024.<sup>19</sup>

The five-year review cycle means that the template is periodically considered, ensuring its suitability for use in a changing NEM. In each review, the Panel would consider changes that occurred over the previous five years, including:

- changes to generating and other technology in the NEM
- outcomes of any power system incidents relevant to compliance with technical standards
- any relevant NER changes, such as changes to the NER's access standards.

A key consideration for the upcoming review is therefore whether any changes have been made to the NER's technical access standards over the previous five years. For example, the Panel's last template review specifically considered the template in light of access standard changes made in the National Electricity Amendment (Generator Technical Performance Standards) Rule 2018.<sup>20</sup>

### 1.1.3 AEMO has proposed two packages of access standard rule changes that are relevant to the review's timing

The template provides specific guidance and test methods for use by registered participants to demonstrate compliance with each access standard in the NER. The technical access standards, from which registered performance standards are negotiated, are therefore critical inputs for a template review.<sup>21</sup>

On 4 April 2024, the Australian Energy Market Operator (AEMO) submitted two rule change requests as two separate packages of proposed changes to the NEM's access standards for connections. These packages propose a significant number of material changes to technical access standards that would ideally be considered in the upcoming template review.<sup>22</sup>

The Panel notes that they understand 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. Therefore, the Panel considers the existing template review deadline prevents the Panel efficiently progressing the next template review. See Chapter 2 for further information on the problem.

The Panel has, therefore, proposed delaying commencing the review for 12 months to provide time for the AEMC to progress AEMO's rule change requests, such that these can be considered appropriately in the review. See Chapter 3 for further information on the solution.

17 See clause 8.8.3(ba) of the NER.

18 The Reliability Panel, [Generator Compliance Template Review](#), 2019.

19 Clause 8.8.3(ba) of the NER requires the Panel to 'conduct' a review at least every 5 years from the date of the last review. The AEMC confirms whether this deadline is for the commencement or conclusion in the review's terms of reference.

20 See The Reliability Panel, [Generator Compliance Template Review](#), 2019.

21 Performance standards form part of the terms and conditions of the connection agreement between a registered participant and the network service provider. Access standards define the range of technical requirements for the operation of equipment when negotiating the connection of generators, customers and market network service providers.

22 For further information, see [Improving NEM access standards – Package 1](#); [Improving NEM access standards – Package 2](#).

## 1.2 The Reliability Panel have proposed the rule should be expedited

In the rule change request, the Panel proposed to use the expedited rule making process under section 96 of the National Electricity Law (NEL) because it considers the rule change request is a request for a non-controversial rule, and using the expedited process (eight weeks in total, with one round of consultation) is appropriate in the circumstances. The process for objecting to the expedited rule making process is set out in Section 1.3.

The AEMC agrees with the Reliability Panel’s assessment and considers the rule change request is non-controversial – that is, the rule change is unlikely to have a significant effect on the NEM.<sup>23</sup> This is because:

- The scope is limited and does not call for greater reform to the NER. Only the timing for the upcoming review would be amended, with subsequent reviews following the process as outlined in the NER.<sup>24</sup>
- Delaying the Panel’s review for 12 months does not prevent registered participants from developing and maintaining compliance programs sufficient to demonstrate compliance with registered performance standards. The template’s guidance remains valid over this period.
- All stakeholders, including market bodies and participants, are expected to benefit from this rule change through having a more efficient consultation process. See further details in Section 3.2.

## 1.3 We have started the rule change process

This paper is the first stage of our consultation process.

**Table 1.1: The rule change process**

Milestone	Key Date
The AEMC received the rule change request	29 July 2024
Consultation paper and indicative draft rule published	3 October 2024
Deadline to object the expedited process*	18 October 2024
Close of submissions to the consultation paper*	1 November 2024
Publication of final determination and final rule (if no valid objection received)	28 November 2024

Source: AEMC

\*Note: the deadlines for objections to the expedited process and close of submissions have been extended by a day, given the public holiday on 7 October 2024.

An expedited rule change request (8 weeks) includes the following formal stages:

- a proponent submits a rule change request
- the Commission commences the rule change process by publishing a consultation paper and seeking stakeholder feedback
- participants have two weeks to lodge an objection to the use of the expedited process
- stakeholders lodge submissions on the consultation paper

<sup>23</sup> Section 87 of the NEL.

<sup>24</sup> See clause 8.8.3(ba) of the NER.

- the Commission publishes a final determination and final rule (if relevant and no valid objection is received).

Information on how to provide your submission and other opportunities for engagement is set out at the front of this document. See Section 1.2.

You can find more information on the rule change process on our website.<sup>25</sup>

To make a decision on this proposal, we seek stakeholder feedback on how we propose to assess the request, the stated problem and the proposed solution. Given the proposed use of the expedited process, which does not include a draft rule stage, we have also published indicative drafting for a final rule (if made), based on the solution proposed by the proponent.

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<sup>25</sup> See our website: <https://www.aemc.gov.au/our-work/changing-energy-rules>

## 2 The problem raised in the rule change request

The rule change request seeks to delay the commencement of the next template for generator compliance programs review by 12 months. The proposed rule would require the Panel to commence the review by 19 December 2025.

This chapter outlines the problem identified and the reasons for the rule change. It seeks stakeholder feedback on the identification and materiality of the problem.

### 2.1 AEMO has proposed material changes to the access standards that require consideration in the template review

As introduced in section 1.1.3, the NER's technical access standards are a key input to any review of the template. The template's core guidance is set out in a table of test methods that generators may use to demonstrate compliance with each access standard contained in the NER.<sup>26</sup> An understanding of the changes arising from AEMO's access standard rule changes would be critical for the Panel to publish a fit-for-purpose template.

AEMO has proposed material changes to the access standards in the following two packages of rule change requests.

- **Package 1** includes changes to access standards for generators, integrated resource systems, synchronous condensers and high-voltage direct current (HVDC) links.<sup>27</sup> AEMO proposes progressing Package 1 on a fast-tracked process in light of the significant consultation undertaken during AEMO's 'Access Standards Review'.<sup>28</sup>
- **Package 2** includes a set of less-developed changes to the NER. This includes amendments to obligations for loads. AEMO's rule change request proposed the AEMC considers these changes using the standard rule change process as they would benefit from more consultation than the changes in Package 1.<sup>29</sup>

The expansion of access standard obligations for synchronous condensers and HVDC links in Package 1 and loads in Package 2 is relevant to the template given the NER requirement that it covers all performance standards and defines suitable testing and monitoring regimes.<sup>30</sup> This ensures that registered participants (not just generators) can demonstrate compliance with their technical performance obligations.

Package 1, which includes over 100 separate changes to the access standards and contains the bulk of AEMO's proposed changes, makes it the more substantive of the two packages for the template review. While AEMO's proposals in Package 2 are also relevant to the template, the substance of changes from Package 2 are less certain than Package 1 because they are a set of less developed changes.

The AEMC is still considering the timing and process for progressing both of these rule changes. Neither have commenced at this time, and therefore, would not be completed under standard statutory timeframes in order to inform a review by 19 December 2024. The proposed rule change from the Panel provides sufficient time such that one or both of these rule changes could potentially be finalised such that they could then be considered in the Panel's review.

26 Technical access standards are detailed in Chapter 5 of the NER.

27 See AEMC, [Improving NEM access standards – Package 1](#), 2024.

28 See AEMO, [AEMO review of technical requirements for connection \(NER clause 5.2.6A\)](#), 2022.

29 See AEMC, [Improving NEM access standards – Package 2](#), 2024.

30 See rule 4.15(ca) of the NER.

## 2.2 The current template review deadline would lead to an inefficient and uncertain review process

The Panel considers a rule change to delay the commencement of the review is justified given the benefits that arise from the Panel being able to consider any amendments to the access standards when undertaking the next review of the template. This is particularly so given the template is generally reviewed only every five years.

In its rule change request, the Panel considered the option of commencing the review on or before the existing 19 December 2024 deadline. This would involve the Panel commencing the review and then waiting for the AEMC to make one or both access standard rule change packages. The Panel, however, identified inefficiencies in this approach:

1. **Completing the review by 19 December 2024 would preclude the Panel considering any changes from the technical access standards rule changes** – this is because the access standard rule changes have not yet been initiated at the time and so would not be able to be taken into account.
2. **The template review may progress on an uncertain and extended timeline** – there is currently uncertainty on when the rule change outcomes would be available for the Panel to consider in the template review. While AEMO proposes that Package 1 of should progress on a fast-tracked basis, that determination has not yet been made by the AEMC. This creates the potential for an uncertain and possible extended review timeline, which may undermine stakeholder engagement and hinder the Panel’s ability to determine the most fit-for-purpose template.<sup>31</sup>
3. **The review may include redundant public consultation** – the NER requires at least four weeks of public consultation at the review’s commencement.<sup>32</sup> This initial consultation may have limited value in the absence of the outcomes from at least Package 1 of the access standard rule changes. If the review were to commence without this being known, then an additional round of consultation would likely be required prior to a draft decision. The Panel considers that this may confuse stakeholders, use additional stakeholder and Panel resources, and potentially reduce stakeholder engagement when more targeted consultation is required.<sup>33</sup>

After considering the costs and uncertainty for all parties associated with this option, the Panel considered its rule change to delay the commencement of the review by 12 months would lead to more efficient outcomes consistent with the National Electricity Objective (NEO). The Panel noted that a final rule determination on AEMO’s first package of access standards can be expected prior to the end of 2025. The Panel considered it is important for the template review to understand the outcomes from the first package as this contains the greatest number of changes. See further detail in Section 3.1.

### Question 1: Do you agree with the Reliability Panel’s characterisation of the problem?

Do you agree with the Panel’s assessment that, under the existing NER arrangements, the upcoming review process would be inefficient without consideration of the access standard rule changes? Do you have any feedback on the issues raised by the Panel?

31 The Reliability Panel, Rule change request – Rescheduling the template for generator compliance programs review, p. 3.

32 See clause 8.8.3(e) of the NER.

33 The Reliability Panel, Rule change request – Rescheduling the template for generator compliance programs review, p. 3.

## 3 The proposed solution and implementation

The Panel proposed to delay the upcoming template review by 12 months. This shifts the deadline for commencement of the review from 19 December 2024 to 19 December 2025.<sup>34</sup>

This chapter outlines:

- the solution proposed; and
- the costs and benefits of the proposed solution

### 3.1 The Reliability Panel proposes to delay commencement of the review by 12 months

As outlined in chapter 2, the Panel has identified a problem in the current timeline for the review in that it does not allow for efficient consideration of outcomes from AEMO's proposed access standard rule changes.

The Panel has proposed the AEMC makes a transitional rule allowing the Panel to delay the commencement of the next review of the template to 19 December 2025.<sup>35</sup>

The Panel considers this approach would allow it to most efficiently progress the review, thereby minimising costs for all parties and maximising stakeholder engagement.

#### 3.1.1 The Panel considered the timing of the access standard rule changes in its proposed solution

The Panel has proposed its rule change after considering the uncertainty in the timing of the access standard rule changes. The Panel's proposed delay would provide a degree of confidence that a decision on Package 1 would likely have been made when it commences its review, and that there would be more information about Package 2 to inform its considerations.

The bulk and most important changes for the template review are contained in Package 1 of the access standard rule changes.<sup>36</sup> These changes are therefore the most consequential for system security and would affect a greater number of registered participants than the changes proposed in Package 2, which primarily relates to obligations for loads.

The Panel has not proposed a longer delay to the commencement of the review than 12 months because it understands that there is greater uncertainty in the timeline and outcomes from Package 2 of AEMO's rule change requests. These changes are at a lower level of overall development compared to Package 1 and may benefit from additional consultation and development.

The Panel also noted 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. Under clause 8.8.3(ba), the AEMC can request the Reliability Panel undertakes a template review outside of the minimum five-year cycle. This would enable any changes from the Package 2 rule change to be considered in a more timely manner, that is, prior to the next five-yearly review.

34 Clause 8.8.3(ba) of the NER requires the Panel to 'conduct' a review at least every 5 years from the date of the last review. The AEMC confirms whether this is the deadline for commencement or conclusion in the review's terms of reference.

35 The Reliability Panel, Rule change request – Rescheduling the template for generator compliance programs review, p. 4.

36 See section 2.1 for specific details of this rule change request.

**Question 2: Would the proposed solution address the issue raised by the proponent?**

Do you consider that the proposed solution would solve the problem raised? Or, are there alternative solutions to consider?

### 3.2 The Panel anticipates stakeholders would benefit from the proposed solution

The Panel considers that benefits would be maximised and a most fit-for-purpose template would be produced if the review can proceed with at least a decision on Package 1 at its commencement. This would provide the greatest degree of confidence and transparency for the largest number of registered participants.

The Panel considers that all parties would benefit from this rule change, relative to outcomes under existing arrangements, because:<sup>37</sup>

- registered participants would benefit by avoiding redundant consultation periods and an uncertain review timeline. Delaying the review should minimise stakeholder resources and cost requirements.
- a focused template review would benefit market bodies, including the Panel, AEMO and the AER.

The Panel did not consider that there would be any dis-benefits to parties at this stage. The Commission welcomes views from stakeholders on this.

**Question 3: What are your views of the costs and benefits of the proposed solution?**

Do you agree with the benefits and costs of the proposed solution? Are there any costs not listed? Are there any dis-benefits not identified?

<sup>37</sup> The Reliability Panel, Rule change request – Rescheduling the generator compliance programs review, p. 4.



## 4 Making our decision

When considering a rule change proposal, the Commission considers a range of factors.

This chapter outlines:

- the proposed assessment framework
- decisions the Commission can make
- rule-making for the Northern Territory

We would like your feedback on the proposed assessment framework.

### 4.1 The Commission must act in the long-term interests of consumers

The Commission is bound by the National Electricity Law (NEL) to only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the national electricity objective (NEO).<sup>38</sup>

The NEO is:<sup>39</sup>

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; and
- (b) the reliability, safety and security of the national electricity system; and
- (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 targets statement, available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NEO.<sup>40</sup>

### 4.2 We propose to assess the rule change using these three criteria

#### 4.2.1 Our regulatory impact analysis methodology

Considering the NEO and the issues raised in the rule change request, the Commission proposes to assess this rule change request against the set of criteria outlined below. These assessment criteria reflect the key potential impacts – costs and benefits – of the rule change request. We consider these impacts within the framework of the NEO.

The Commission’s regulatory impact analysis may use qualitative and/or quantitative methodologies. The depth of the analysis will be commensurate with the potential impacts of the proposed rule change. We may refine the methodology as this rule change progresses, including in response to stakeholder submissions.

Consistent with good regulatory practice, we also assess other viable policy options - including not making the proposed rule (a business-as-usual scenario) and making a more preferable rule – using the same set of assessment criteria and impact analysis methodology where feasible.

<sup>38</sup> Section 88 of the NEL.

<sup>39</sup> Section 7 of the NEL.

<sup>40</sup> Section 32A(5) of the NEL.

#### 4.2.2 Assessment criteria and rationale

The proposed assessment criteria and rationale for each is as follows:

1. **Safety, security and reliability – services**

We selected this criterion because the rule change aims to promote the efficient operation of services, in particular, generation facilities. We consider this criterion to be achieved if the rule change enhances generators' certainty around compliance with technical performance standards. Furthermore, if it assists in the development of compliance programs that contribute to security and reliability in the NEM.

2. **Implementation considers – timing and uncertainty, cost and complexity**

We selected this criterion as balancing timeliness and uncertainty and reducing cost and complexity is fundamental to the rule change. For the former, it seeks to better align the timing of the Panel's review and AEMC's consideration of AEMO's proposed technical access standard reforms. For the latter, it seeks to avoid potential additional costs and complexities by minimising the resources needed to participate in, and conduct, the review.

3. **Principles of good regulatory practice – predictability and stability, simplicity and transparency, consider broader direction of reform**

We selected this criterion as this rule change will impact the regulatory practice of the review. It seeks to promote predictability and stability for the review process but also simplicity and transparency by avoiding redundant consultation periods. Furthermore, this rule change request must consider the broader direction of reform by constructively interacting with AEMO's proposed changes to technical access standards.

#### Question 4: Assessment framework

Do you agree with the proposed assessment criteria? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

### 4.3 We have three options when making our decision

After using the assessment framework to consider the rule change request, the Commission may decide:

- to make the rule as proposed by the proponent<sup>41</sup>
- to make a rule that is different to the proposed rule (a more preferable rule), as discussed below, or
- not to make a rule.

The Commission may make a more preferable rule (which may be materially different to the proposed rule) if it is satisfied that, having regard to the issue or issues raised in the rule change request, the more preferable rule is likely to better contribute to the achievement of the NEO.<sup>42</sup>

<sup>41</sup> The proponent sets out its proposed rule in page 4 of its rule change request.

<sup>42</sup> Section 91A of the NEL.

## 4.4 We may make a different rule to apply in the Northern Territory

Parts of the NER, as amended from time to time, apply in the Northern Territory, subject to modifications set out in regulations made under the Northern Territory legislation adopting the NEL.<sup>43</sup>

The proposed rule would apply in the Northern Territory, as it relates to Chapter 8 of the NER, which applies in the Northern Territory.<sup>44</sup>

The Commission will therefore assess the proposed rule against additional elements required by Northern Territory legislation:

- *Should the NEO test include the Northern Territory electricity systems?* For this rule change request, the Commission will determine whether the reference to the “national electricity system” in the NEO includes the local electricity systems in the Northern Territory, or just the national electricity system, having regard to the nature, scope or operation of the proposed rule.<sup>45</sup>
- *Should the rule be different in the Northern Territory?* The Commission will consider whether a uniform or differential rule should apply to the Northern Territory, taking into account whether the different physical characteristics of the Northern Territory’s network would affect the operation of the rule in such a way that a differential rule would better contribute to the NEO.<sup>46</sup>

43 National Electricity (Northern Territory) (National Uniform Legislation) Act 2015 (**NT Act**). The regulations under the NT Act are the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations 2016.

44 Under the NT Act and its regulations, only certain parts of the NER have been adopted in the Northern Territory. The version of the NER that applies in the Northern Territory is available on the AEMC website at: <https://energy-rules.aemc.gov.au/ntner>.

45 Clause 14A of Schedule 1 to the NT Act, inserting section 88(2a) into the NEL as it applies in the Northern Territory.

46 Clause 14B of Schedule 1 to the NT Act, inserting section 88AA into the NEL as it applies in the Northern Territory.

## Abbreviations and defined terms

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
Commission	See AEMC
HVDC	High-voltage direct current
NEL	National Electricity Law
NEM	National Electricity Market
NEO	National Electricity Objective
NER	National Electricity Rules
Panel	The Reliability Panel
Proponent	The proponent of the rule change request
Review	The template for generator compliance programs review
Template	The template for generator compliance programs