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Australian Energy Market Commission

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Improving the NEM access standards

AGL Energy (AGL) welcomes the opportunity to respond to the Australian Energy Market Commission (AEMC) draft rule determination regarding the technical requirements for National Electricity Market (NEM) connection – also known as the ‘access standards’.

About AGL

At AGL, we believe energy makes life better and are passionate about powering the way Australians live, move and work. Proudly Australian for more than 185 years, AGL supplies around 4.5 million energy, telecommunications and Netflix customer services.¹ AGL is committed to providing our customers simple, fair and accessible essential services as they decarbonise and electrify the way they live, work and move.

AGL operates Australia’s largest private electricity generation portfolio within the National Electricity Market, comprising coal and gas-fired generation, renewable energy sources such as wind, hydro and solar, batteries and other firming technology, and storage assets. We are building on our history as one of Australia’s leading private investors in renewable energy to now lead the business of transition to a lower emission, affordable and smart energy future in line with the goals of our Climate Transition Action Plan. We’ll continue to innovate in energy and other essential services to enhance the way Australians live, and to help preserve the world around us for future generations.

Response to the AEMC’s draft rule determination

AGL acknowledges the work of AEMO in reviewing of the technical requirements for NEM connection set out in the National Electricity Rules (the Rules). AEMO’s review comprised an extensive consultation process over the course of a year across a diverse range of stakeholders and identified a number of important and emerging issues relating to the access standards for connection to the NEM.

The AEMC’s examination of the feedback provided to AEMO as part of its review and its proposed solutions is of critical importance and, along with the consultation in response to its draft rule determination, will help ensure that amendments to existing arrangements avoid any adverse unintended consequences and properly balance the requirements of the energy system and market participants in the best interests of consumers.

Overall, AGL is broadly supportive of the package of changes to the NER proposed by the AEMC set out in its draft rule determination. With the increasing reliance on inverter-based resources in the NEM, it is critical that the access standards do not disincentivise beneficial grid-forming responses. Allowing for increasing connections at a sub-transmission or distribution level is also essential as the energy transition progresses.

Regarding the proposed changes to clause S5.2.5.10 (Protection to trip plant for unstable operation), AGL is comfortable with the automatic access standard requiring asynchronous production units to have facilities to detect instability and have the capability to disconnect units for unstable behaviour. AGL also supports the proposal not to mandate the disconnection of a plant for any detected instability.

However, AGL considers the proposal to require a plant, in some circumstances, to *automatically* disconnect following unstable behaviour could introduce unnecessary risk to the power system.

¹ Services to customers number is at 31 December 2024.



AGL notes that other stakeholders including Network Service Providers have raised concerns regarding these changes. In response, the AEMC's draft rule determination notes:

- The draft rule would only allow for automatic disconnection following the execution of a hierarchy of actions which must be agreed with the AEMO and the Network Service Provider, and these actions must prioritise measures to eliminate instability over disconnecting a plant
- Scrutiny of the proposed triggers, conditions and actions would avoid the potential for increased risk to power system security that might arise
- Regarding concerns about the use of unproven technologies for instability detection and attribution, the AEMC notes it understands that there are several commercially available devices, including protection relays and monitors capable of instability detection
- While reliable detection of contribution to instability is not straightforward, there can be a higher level of confidence in some circumstances – for example, a detectable abnormal condition on the plant (such as communication failure), in conjunction with detected instability could indicate a higher likelihood of causal relationship between the two, which could justify disconnection of the plant, or justify its more rapid shutdown than would otherwise occur

AGL considers that the introducing the possibility of automatic disconnection under the NER should be supported by more than just a high level of confidence in some circumstances. While the commercially available devices are reliable, they do not provide complete certainty. As a result, this presents a risk that a plant could be automatically disconnected unnecessarily and negatively impact power system security.

Further uncertainty is created by the lack of detail on the hierarchy of actions which must be agreed with the AEMO and the Network Service Provider prior to any automatic disconnection is not available for stakeholders to consider.

Instead of automatic disconnection, AGL considers that requiring the *immediate manual disconnection* after receiving instructions from AEMO and the Network Service Provider in response to sustained active power, reactive power or voltage oscillations at the Connection Point beyond the agreed thresholds as defined by the asynchronous production units' control and protection settings would strike the right balance without introducing an unnecessary risk to power system security.

If you have queries about this submission, please contact Warren Vosper at WVosper@agl.com.au.

Yours sincerely,

Chris Streets

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