



National Electricity Amendment (Improving security frameworks for the energy transition) Rule 2024 No. 9

The Australian Energy Market Commission makes the following Rule under the National Electricity Law to the extent applied by:

- (a) the *National Electricity (South Australia) Act 1996* of South Australia;
- (b) the *Electricity (National Scheme) Act 1997* of the Australian Capital Territory;
- (c) the *Electricity - National Scheme (Queensland) Act 1997* of Queensland;
- (d) the *National Electricity (New South Wales) Act 1997* of New South Wales;
- (e) the *Electricity - National Scheme (Tasmania) Act 1999* of Tasmania;
- (f) the *National Electricity (Victoria) Act 2005* of Victoria;
- (g) the *National Electricity (Northern Territory) (National Uniform Legislation) Act 2015* of the Northern Territory; and
- (h) the *Australian Energy Market Act 2004* of the Commonwealth.

Anna Collyer
Chairperson
Australian Energy Market Commission

National Electricity Amendment (Improving security frameworks for the energy transition) Rule 2024 No. 9

1 Title of Rule

This Rule is the *National Electricity Amendment (Improving security frameworks for the energy transition) Rule 2024 No. 9*.

2 Commencement

Schedule 1 commences operation on 3 June 2024.

Schedule 2 commences operation on 4 July 2024.

Schedules 3, 4, 6 and 7 commence operation on 1 December 2024.

Schedules 5 and 8 commence operation on 2 December 2025.

Schedule 9 (savings and transitional amendments) commences operation on 4 April 2024.

3 Amendment to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

4 Amendment to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 2.

5 Amendment to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 3.

6 Amendment to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 4.

7 Amendment to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 5.

8 Amendment to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 6.

9 Amendment to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 7.

10 Amendment to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 8.

11 Savings and Transitional Amendment to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 9.

Schedule 1 Amendment to the National Electricity Rules

(Clause 3)

[1] Clause 3.11.1 Introduction

In clause 3.11.1(c)(3), omit “in the case of *NMAS* other than *SRAS* and *NSCAS*” and substitute “in the case of *NMAS*, other than *SRAS*, *NSCAS* and *transitional services*”.

[2] Clause 3.11.1 Introduction

In clause 3.11.1(c)(3), omit “.” at the end of the subparagraph and substitute “; and”.

[3] Clause 3.11.1 Introduction

After clause 3.11.1(c)(3), insert:

- (4) in the case of *transitional services*, by *AEMO* under *ancillary services agreements*, with the prices for *transitional services* being determined in accordance with the relevant agreement.

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

[4] New Clause 3.11.11 Acquisition of transitional services by AEMO

After clause 3.11.10, insert:

3.11.11 Acquisition of transitional services by AEMO

Objectives of transitional services and transitional services procurement

- (a) The objective of *transitional services* is to acquire services that enable *AEMO* to maintain *power system security* in the transition to a low- or zero-emissions *power system* (***Transitional Services Objective***).
- (b) *AEMO* must only acquire *transitional services* where:
 - (1) the services are required for *power system security* and cannot otherwise be provided by an *inertia network service*, a *system strength service*, a *market ancillary service* or a *NMAS*; or
 - (2) the services are acquired for the purpose of trialing new technologies, or a new application of existing technologies, for the management of *power system security* in a low- or zero-emissions *power system* where the particular application of the technology employed through the *transitional services* has not

been used to provide services to manage *power system security* prior to 28 March 2024.

- (c) If *AEMO* identifies a need to acquire *transitional services*, *AEMO* must use reasonable endeavours to acquire *transitional services* to:
 - (1) contribute to achieving *emissions reductions targets*;
 - (2) achieve and maintain *power system security*;
 - (3) minimise the costs of *transitional services* to end users,(the ***Transitional Services Procurement Objective***).
- (d) *AEMO* may acquire *transitional services* by entering into an *ancillary services agreement* with a *Transitional Services Provider* following the completion of any procurement process specified in the *Transitional Services Guideline*

Transitional Services Guideline

- (e) *AEMO* must develop and publish, and may amend, the *Transitional Services Guideline* in accordance with the *Rules consultation procedures*.
- (f) The *Transitional Services Guideline* must be designed to achieve the *Transitional Services Procurement Objective* and include:
 - (1) a competitive tender process to be used where practicable when acquiring *transitional services*;
 - (2) guidance on the factors that *AEMO* must take into account when making a decision to follow a particular type of procurement process to acquire *transitional services* to meet the *Transitional Services Procurement Objective*;
 - (3) guidance on how *AEMO* will achieve the *Transitional Services Procurement Objective*;
 - (4) a process for *AEMO* to follow for contacting a potential *Transitional Services Provider* to negotiate the provision of *transitional services* without a competitive tender process;
 - (5) a process for a potential *Transitional Services Provider* to contact *AEMO* to offer the provision of *transitional services* without a competitive tender process, which offer *AEMO* is not obliged to accept; and
 - (6) any requirements for a *Transitional Services Provider* to demonstrate the relevant *plant* or equipment's capability to provide the *transitional services*.

Negotiation for transitional services

- (g) *AEMO* and a prospective *Transitional Services Provider* must negotiate in good faith as to the terms and conditions of the *ancillary services agreement*.
- (h) In assessing any tenders submitted to provide *transitional services*, *AEMO* must first determine whether those tenders are competitive. The tenders submitted to provide *transitional services* will be deemed to be competitive if the *transitional services* that *AEMO* is seeking can be supplied from the conforming tenders received by *AEMO* with any one conforming tender discarded, or all conforming tenders from any one party discarded. If the tenders submitted to provide *transitional services* are not deemed to be competitive, *AEMO* and the preferred tenderers, must negotiate in good faith to agree reasonable terms and conditions for the provision of the *transitional services*, taking into account the need to:
- (1) subject to subparagraph (2), so far as practicable minimise the overall cost of supply of that service; and
 - (2) appropriately remunerate the providers of the relevant *transitional services* for that service.
- (i) A dispute concerning:
- (1) any aspect (other than the aspect of price) of services being negotiated pursuant to paragraph (h) that are not deemed to be competitive; or
 - (2) a tender conducted by *AEMO* for the acquisition of *transitional services*,
- must be dealt with in accordance with rule 8.2.
- (j) *AEMO* is not required to accept the lowest priced offer received in response to any tender conducted by *AEMO* for the acquisition of *transitional services*.
- (k) A prospective *Transitional Services Provider* who:
- (1) wants to offer *transitional services* of the type described in paragraph (a)(2); and
 - (2) reasonably believes that its proposed *transitional services* meet the technical priorities specified by *AEMO* in accordance with clause 5.20.8(c)(8),
- may submit an offer for *transitional services* directly to *AEMO* in accordance with the process specified pursuant to paragraph (f)(5).

Requirements for ancillary service agreements

- (l) *AEMO* may require *transitional services* procured under an *ancillary services agreement* to be:
 - (1) capable of being *enabled* under clause 4.4A.1 on and from 2 December 2025;
 - (2) capable of being *enabled* through a process other than under clause 4.4A.1; and
 - (3) only capable of being *enabled* by *AEMO*, unless otherwise agreed by *AEMO*.

Note

Clause 4.4A.1 commences on 2 December 2025.

- (m) An *ancillary services agreement* for *transitional services*:
 - (1) described in paragraph (b)(1), must not:
 - (i) have a term that exceeds three years; and
 - (ii) have a term that continues past 1 December 2029;
 - (2) described in paragraph (b)(2), must not:
 - (i) have a term that exceeds ten years; and
 - (ii) have a term that continues past 1 December 2039.
- (n) Where *AEMO* procures *transitional services* from a *Generator* or *Integrated Resource Provider* provided by means of a *production unit* under an *ancillary services agreement*, *AEMO* must register the *production unit* as a *transitional services unit* and specify that the *production unit* may be periodically used to provide *transitional services* and will not be eligible to set *spot prices* when *constrained on* to provide *transitional services* in accordance with clause 3.9.7(c).
- (o) A *Transitional Services Provider* must comply with an *ancillary services agreement* under which it provides one or more *transitional services*.

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

[5] New Clause 3.11.12 Statement and reporting for transitional services

After clause 3.11.11, insert:

3.11.12 Statement and reporting for transitional services

- (a) Prior to acquiring *transitional services* under clause 3.11.11, AEMO must publish a statement describing:
 - (1) how the *transitional services* satisfy the *Transitional Services Objective*;
 - (2) where the *transitional services* are provided under an *ancillary services agreement* of the type described in clause 3.11.11(b)(1):
 - (i) the *power system security* need necessitating the *transitional services* and the expected duration of the need;
 - (ii) why AEMO considers the *transitional services* may not be provided by any of the other services specified in clause 3.11.11(b)(1); and
 - (3) AEMO’s intended procurement process and its reasons for choosing that process, including for any direct procurement, its reasons for not using a competitive process.
- (b) At least once each calendar year, AEMO must prepare and publish a report setting out:
 - (1) the total annual cost for the provision of *transitional services*, broken down to the costs incurred for each *facility* providing *transitional services*;
 - (2) a description of the *transitional services* provided by each *facility* and the reasons for acquiring services from that *facility*;
 - (3) the procurement process followed by AEMO to acquire *transitional services* for each *facility* in that year;
 - (4) how it has applied the *Transitional Services Procurement Objective* when procuring *transitional services*; and
 - (5) if applicable, the reasons why *AEMO* did not accept an offer received in accordance with clause 3.11.11(f)(5).

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

[6] Clause 3.15.6A Ancillary service transactions

In clause 3.15.6A(c2)(1), after “*NSCAS*”, insert “and *transitional services*”.

[7] Clause 3.15.6A Ancillary service transactions

After clause 3.15.6A(c2), insert:

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

[8] Clause 3.15.6A Ancillary service transactions

In clause 3.15.6A(c3), after “for the provision of *NSCAS*”, insert “and *transitional services*”.

[9] Clause 3.15.6A Ancillary service transactions

After clause 3.15.6A(c3), insert:

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

[10] Clause 3.15.6A Ancillary service transactions

In clause 3.15.6A(c4)(1), omit “for an *NSCAS*”, and substitute “for a *NSCAS* and *transitional service*”.

[11] Clause 3.15.6A Ancillary service transactions

After clause 3.15.6A(c4), insert:

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

[12] Clause 3.15.6A Ancillary service transactions

In clause 3.15.6A(c8), after “Subscript ‘R’ is the relevant”, insert “*region*”.

[13] Clause 3.15.6A Ancillary service transactions

In clause 3.15.6A(c8), after “Subscript S is the relevant *NSCAS*”, insert “or *transitional service* (as the case may be)”.

[14] Clause 3.15.6A Ancillary service transactions

In clause 3.15.6A(c8), in the definition of “ $TNSCAS_{s,i}$ (in \$)”, after “*NSCAS*”, insert “or *transitional services* (as the case may be)”.

[15] Clause 3.15.6A Ancillary service transactions

In clause 3.15.6A(c8), in the definition of “ $RBF_{s,i,R}$ (number)”, after “*NSCAS*”, insert “or *transitional services* (as the case may be)”.

[16] Clause 3.15.6A Ancillary service transactions

After clause 3.15.6A(c8), following the existing note, insert:

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

[17] Clause 3.15.6A Ancillary service transactions

In clause 3.15.6A(c9), in the paragraph commencing “TNSCASp (in \$)”, after “*NSCAS*”, insert “and *transitional services*”

[18] Clause 3.15.6A Ancillary service transactions

After clause 3.15.6A(c9), following the existing note, insert:

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

[19] Chapter 10 New Definitions

In Chapter 10, insert the following definitions in alphabetical order:

transitional services

A service provided by *plant*, equipment or *facilities* to meet a *power system security* need as a result of the transition to a low- or zero-emissions *power system*.

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

Transitional Services Guideline

The guideline developed and published by AEMO in accordance with clause 3.11.11(e).

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

Transitional Services Objective

Has the meaning in clause 3.11.11(a).

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

Transitional Services Procurement Objective

Has the meaning in clause 3.11.11(c).

transitional services unit

A *production unit* registered with AEMO under clause 3.11.11(n).

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

Transitional Services Provider

A person who agrees to provide one or more *transitional services* to *AEMO* under an *ancillary services agreement*.

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

Schedule 2 Amendment to the National Electricity Rules

(Clause 4)

[1] Clause 3.13.6A Report by AEMO

Omit the heading of clause 3.13.6A and substitute:

3.13.6A Reporting by AEMO on directions

[2] Clause 3.13.6A Reporting by AEMO on directions

Omit the chapeau of paragraph (a) and substitute:

- (a) *AEMO* must, within 40 calendar weeks of a *direction* being revoked in accordance with clause 4.8.9(b)(2), or the *direction* otherwise ending, publish a report outlining:

[3] Clause 3.13.6A Reporting by AEMO on directions

In clause 3.13.6A(a)(8), omit “and” at the end of the subparagraph.

[4] Clause 3.13.6A Reporting by AEMO on directions

In clause 3.13.6A(a)(9), omit “.” at the end of the subparagraph and substitute “; and”.

[5] Clause 3.13.6A Reporting by AEMO on directions

After clause 3.13.6A(a)(9), insert:

- (10) the identity of the *Directed Participant* and the type of *directed resource*.

[6] Clause 3.13.6A Reporting by AEMO on directions

In clause 3.13.6A(b), omit “details of”.

[7] Clause 3.13.6A Reporting by AEMO on directions

After clause 3.13.6A(b), insert:

- (c) *AEMO* must publish and maintain a single source for the following information:
 - (1) a breakdown of the total amount of compensation paid to each *Directed Participant* and *Affected Participant* in accordance with clauses 3.15.7, 3.15.7A or 3.15.7B (as the case may be) and clause 3.12.2;
 - (2) for each *direction*:

- (i) the date and time the *direction* was issued and the date and time it was revoked in accordance with clause 4.8.9(b)(2), or otherwise ended;
 - (ii) the type of *directed resource* subject to the *direction*;
 - (iii) the identity of the *Directed Participant*;
 - (iv) the *region* in which the *directed resource* is located; and
 - (v) the required actions to be taken by the *Directed Participant*.
- (d) *AEMO* is not required to update the information under paragraph (c) until 40 calendar weeks after the *direction* is revoked in accordance with clause 4.8.9(b)(2), or the *direction* otherwise ends.

[8] Clause 4.8.9 Power to issue directions and clause 4.8.9 instructions

After clause 4.8.9(j), insert:

- (k) If *AEMO* has issued a *direction*, *AEMO* must, to the extent reasonably practicable, immediately *publish* a notice setting out:
 - (1) the *Directed Participant* and the type of *directed resource* subject to the *direction*;
 - (2) the required actions to be taken by the *Directed Participant*;
 - (3) for a *direction* pursuant to clause 3.15.7(a2)(4), the service or need that was provided (where it is reasonably practicable to identify the service or need); and
 - (4) details of the circumstances that necessitated the *direction*, including the ‘act or thing’ referred to in paragraph (a)(1).

[9] New clause 5.20.8 Publication of Transition Plan for System Security

After clause 5.20.7, insert:

5.20.8 Publication of Transition Plan for System Security

- (a) *AEMO* must publish annually by 1 December the *Transition Plan for System Security* on its website.
- (b) The purpose of the *Transition Plan for System Security* is to make available to *Market Participants* and other interested persons an analysis of:

- (1) how *AEMO* is planning to maintain *power system security* through the transition to a low- or zero-emissions *power system*; and
 - (2) *AEMO's* current technical understanding of what is needed to achieve *power system security* in a low- or zero-emissions *power system* and the work *AEMO* is undertaking to improve this understanding and to specify the range of services that will be required in a low- or zero-emissions *power system*.
- (c) The *Transition Plan for System Security* must include:
- (1) an outline of *AEMO's* current understanding of *system security services* and any current or planned work towards refining the specifications for *system security services*;
 - (2) any operational metrics *AEMO* uses, or is developing, to manage *power system security*;
 - (3) a detailed description of *AEMO's* plan to manage *power system security* through the transition to a low- or zero-emissions *power system*, including the work *AEMO* is doing to address the challenges of transitioning to a low- or zero-emissions *power system*;
 - (4) the proposed number of *ancillary services agreements* that *AEMO* is likely to enter into for the following two year period in respect of the types of services referred to in clause 3.11.11(b)(1) and in clause 3.11.11(b)(2);
 - (5) information on how *AEMO* intends to move away from using *ancillary services agreements* for the type of *transitional services* described in clause 3.11.11(b)(1) to manage *power system security*;
 - (6) a description of known capabilities of any particular resources or equipment that could participate in managing *power system security*;
 - (7) the outcomes, actions and learnings from the trials conducted through *ancillary services agreements* procured for the types of *transitional services* referred to in clause 3.11.11(b)(2) and how the trials are contributing to maintaining and achieving *power system security*;
 - (8) the technical priorities *AEMO* seeks to investigate through *ancillary services agreements* procured for the types of *transitional services* referred to in clause 3.11.11(b)(2);
 - (9) any trends in the use of *directions*;

- (10) a copy of any written commentary provided by the *Reliability Panel* pursuant to paragraph (d) (whether or not the *Reliability Panel* has already published its response).

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5. Therefore, reporting on *transitional services* will not be included in the report after 1 December 2039.

- (d) Within six months following the publication of the *Transition Plan for System Security*, the *Reliability Panel* may provide written commentary to AEMO in respect of the *Transition Plan for System Security*.
- (e) When preparing the *Transition Plan for System Security*, AEMO must respond to any written commentary provided by the *Reliability Panel* under paragraph (d) in respect of the previous *Transition Plan for System Security*.

[10] Clause 8.8.1 Purpose of Reliability Panel

In clause 8.8.1(a)(8), omit “and” at the end of the subparagraph.

[11] Clause 8.8.1 Purpose of Reliability Panel

In clause 8.8.1(a)(9), omit “.” at the end of the subparagraph and substitute “; and”.

[12] Clause 8.8.1 Purpose of Reliability Panel

After clause 8.8.1(a)(9), insert:

- (10) if the *Reliability Panel* considers it necessary or desirable, consider the most recent *Transition Plan for System Security* and provide written commentary to AEMO on the *Transition Plan for System Security*.

[13] Chapter 10 New definition

In Chapter 10, insert the following definition in alphabetical order:

Transition Plan for System Security

The plan developed and published by AEMO in accordance with clause 5.20.8.

Schedule 3 Amendment to the National Electricity Rules

(Clause 5)

[1] Clause 3.11.3 Acquisition of Network Support and Control Ancillary Service

After clause 3.11.3(b), insert:

- (b1) Where a *Transmission Network Service Provider* procures a *system strength service* or an *inertia network service* from a *Generator* or *Integrated Resource Provider* under a *network support agreement* to meet a *NSCAS gap* described in paragraph (b) or (c) of that definition, the *Transmission Network Service Provider* (in its capacity as a *System Strength Service Provider* or *Inertia Service Provider*) must register the *production unit* with *AEMO* as a *system strength production unit* or as an *inertia unit* and specify that the *production unit* may be periodically used to provide *system strength services* or *inertia network services* and will not be eligible to set *spot prices* when *constrained on* to provide *inertia* or a *system strength service* in accordance with clause 3.9.7(c).
- (b2) A *Transmission Network Service Provider* who procures a *system strength service* or an *inertia network service* under a *network support agreement* to meet a *NSCAS gap* described in paragraph (b) or (c) of that definition must establish arrangements for each *system strength service* or *inertia network service* (as the case may be) it makes available to *AEMO* under the *Rules* to ensure:
 - (1) that *system strength service* or *inertia network service* is capable of being *enabled* by *AEMO* under clause 4.4A.1 on and from 2 December 2025; and
 - (2) that *system strength service* or *inertia network service* is only capable of being *enabled* by *AEMO*, unless otherwise agreed by *AEMO*.

Note

Clause 4.4A.1 commences on 1 December 2025.

[2] Clause 4.3.4 Network Service Providers

In clause 4.3.4(j), omit “clause 5.20B.4(b)” and substitute “clause 5.20B.4”.

[3] Clause 4.3.4 Network Service Providers

In clause 4.3.4(l), omit “clause 5.20C.3(b)” and substitute “clause 5.20C.3”.

[4] Clause 5.16.3 Investments subject to the regulatory investment test for transmission

In clause 5.16.3(a)(8), omit “or”.

[5] Clause 5.16.3 Investments subject to the regulatory investment test for transmission

Omit clause 5.16.3(a)(10) and substitute:

- (10) the proposed expenditure is for *network* investment undertaken by the *Transmission Network Service Provider* to address a *NSCAS gap* as part of the arrangements provided to *AEMO* under clause 3.11.3(b) in response to a request under clause 3.11.3(a) and either:
 - (i) the time by which the *Transmission Network Service Provider* (as the *Inertia Service Provider*) must address the *NSCAS gap* is less than 18 months from the date *AEMO* declared the *NSCAS gap* in accordance with clause 5.20.3; or
 - (ii) the time by which the *Transmission Network Service Provider* (as the *System Strength Service Provider*) must address the *NSCAS gap* is less than 18 months from the date *AEMO* has declared the *NSCAS gap* in accordance with clause 5.20.3,

and, in each case, the proposed expenditure must only relate to that part of the *NSCAS gap* for which there is insufficient *inertia network services* or insufficient *system strength services*.

[6] Clause 5.20.3 Publication of NSCAS Report

In clause 5.20.3(b), omit “subparagraph (a)” and substitute “paragraph (a)”.

[7] Clause 5.20.3 Publication of NSCAS Report

In clause 5.20.3(c), omit “subparagraph (a)” and substitute “paragraph (a)”.

[8] Clause 5.20.3 Publication of NSCAS Report

After clause 5.20.3(c), insert:

- (c1) for any *NSCAS gap* identified in paragraph (a) required to address a *NSCAS need* described in paragraph (b) of that definition, the required date for the *NSCAS need* to be addressed (which must be within three years from the date of the report);
- (c2) for any *NSCAS gap* identified in paragraph (a) required to address a *NSCAS need* described in paragraph (c) of that definition, the required

date for the *NSCAS need* to be addressed (which must be within three years from the date of the report);

[9] Clause 5.20.4 Inertia requirements methodology

After clause 5.20.4(d), insert:

- (d1) The *inertia requirements methodology* must provide for *AEMO* to take the following matters into account in determining the *system-wide inertia level*:
 - (1) the rate of change of *frequency* limit for the mainland following a *credible contingency event*, as specified in the *frequency operating standard*; and
 - (2) any other matters as *AEMO* considers appropriate.
- (d2) The *inertia requirements methodology* must describe how *AEMO* determines the likelihood of a *sub-network islanding risk*.

[10] Clause 5.20.4 Inertia requirements methodology

In clause 5.20.4(e), omit “*secure operating level of inertia*” and substitute “*secure inertia level*”.

[11] Clause 5.20.4 Inertia requirements methodology

After clause 5.20.4(e), insert:

- (f) The *inertia requirements methodology* must include a specification (***inertia network service specification***), which contains:
 - (1) a detailed description of each kind of *inertia network service*;
 - (2) the performance parameters and requirements which must be satisfied in order for a service to qualify as the relevant *inertia network service* and also when an *Inertia Service Provider* provides the relevant kind of *inertia network service*; and
 - (3) the process and requirements for *AEMO* to approve equipment under paragraph (g).
- (g) For the purposes of paragraph (f), *AEMO* may, at the request of an *Inertia Service Provider*, approve equipment by means of which *inertia network services* are to be made available by, or to, the *Inertia Service Provider* where the equipment:
 - (1) is not a *synchronous production unit* or a *synchronous condenser*; and
 - (2) *AEMO* is satisfied the *inertia network services* provided by means of the equipment will contribute to the operation of the relevant *inertia sub-network* in a *satisfactory operating state* or

secure operating state, in accordance with the circumstances described in clause 4.4A.3(b)(2) or (3), as applicable.

- (h) An *Inertia Service Provider* making a request under paragraph (g) must give *AEMO*:
 - (1) details of the proposed equipment by means of which an *inertia network service* will be made available;
 - (2) information about how the *inertia network services* provided by means of the proposed equipment will contribute to the operation of the relevant *inertia sub-network* in a *satisfactory operating state* or *secure operating state* in accordance with the circumstances described in clause 4.4A.3(b)(2) or (3), as applicable; and
 - (3) any other information requested by *AEMO* in connection with the request.
- (i) For the purposes of approving equipment in accordance with paragraph (g), *AEMO* may:
 - (1) give or withhold its approval under paragraph (h) in its discretion and subject to any conditions determined by *AEMO*;
 - (2) approve equipment of a specific type or a generic type; and
 - (3) approve equipment at the request of a particular *Inertia Service Provider* and determine that its approval also applies to the same type of equipment to be made available by, or to, another *Inertia Service Provider*,

provided that *AEMO* must have regard to the *inertia network service specification* in making its decision.

[12] Clause 5.20.5 Publication of Inertia Report

Omit clause 5.20.5(a), and substitute:

- (a) *AEMO* must publish annually by 1 December the *Inertia Report* on its website for the following *inertia year* which must include:
 - (1) the boundaries of the *inertia sub-networks* determined by *AEMO* under clause 5.20B.1;
 - (2) a report on the *inertia requirements* determined by *AEMO* under clause 5.20B.2;
 - (3) the assumptions, considerations and matters that *AEMO* has taken into account to determine the *inertia requirements*;
 - (4) the *binding inertia requirements*; and
 - (5) information on any other matter that *AEMO* considers relevant.

[13] Clause 5.20B.1 Boundaries of inertia sub-networks

In clause 5.20B.1(d)(1), insert “and” at the end of the subparagraph.

[14] Clause 5.20B.1 Boundaries of inertia sub-networks

Omit clause 5.20B.1(d)(2), and substitute “[Deleted]”.

[15] Clause 5.20B.2 Inertia requirements

Omit clause 5.20B.2 and substitute:

- (a) *AEMO* must, by 1 December each year, determine the *inertia requirements* by applying the *inertia requirements methodology*.
- (b) The *inertia requirements* to be determined are *AEMO*’s forecast of the following matters for each of the following ten years (commencing 2 December):
 - (1) the minimum level of *inertia* required to continuously operate the *power system* (excluding the *Tasmania region*) in a *secure operating state* where no *inertia sub-network* is *islanded* (***system-wide inertia level***);
 - (2) for each *inertia sub-network*, the portion of the *system-wide inertia level* allocated to that *inertia sub-network*, as determined in accordance with paragraph (c) (***inertia sub-network allocation***);
 - (3) for each *inertia sub-network*, the minimum level of *inertia* required to operate that *inertia sub-network* in a *satisfactory operating state* when that *inertia sub-network* is *islanded* (***satisfactory inertia level***);
 - (4) for each *inertia sub-network*, the minimum level of *inertia* required to operate that *inertia sub-network* in a *secure operating state* when that *inertia sub-network* is *islanded* (***secure inertia level***); and
 - (5) for each *inertia sub-network*, the sub-network islanding risk, being:
 - (i) whether there is a risk of the *inertia sub-network* becoming *islanded*; and
 - (ii) whether there is, or is likely to be, insufficient *inertia* in the *inertia sub-network* if it became *islanded*,as determined in accordance with paragraph (d) (***sub-network islanding risk***).

Inertia sub-network allocation

- (c) For the purposes of paragraph (b)(2), the *inertia sub-network allocation* for each *inertia sub-network* must be based on:
- (1) a balanced allocation of the *system-wide inertia level* across the *national grid* (excluding the *Tasmania region*); and
 - (2) any other matters as *AEMO* considers appropriate,
- provided that the sum of all portions allocated to all *inertia sub-networks* must not exceed the *system-wide inertia level*.

Sub-network islanding risk

- (d) For the purposes of paragraph (b)(5), *AEMO* must take into account:
- (1) the level of *inertia* typically provided in each *inertia sub-network* having regard to typical patterns of *dispatched generation in central dispatch*;
 - (2) over what time period and to what extent the *inertia* that is typically provided in the *inertia sub-network* is or is likely to be below the *secure inertia level*;
 - (3) the *inertia sub-network allocation* for that *inertia sub-network* and adjacent connected *inertia sub-networks*;
 - (4) the likelihood of the *inertia sub-network* becoming *islanded* on the occurrence of any *contingency event*; and
 - (5) any other matters that *AEMO* reasonably considers to be relevant in making its assessment.

Publishing inertia requirements

- (e) *AEMO* must publish the *inertia requirements* in the *Inertia Report*.
- (f) If *AEMO* becomes aware of a material change to the *power system* likely to affect the *inertia requirements*, where the timing, occurrence or impact of the change was unforeseen, *AEMO* must as soon as reasonably practicable, revise and publish its determination of the relevant forecast under paragraph (b).

Binding inertia requirements

- (g) The *binding inertia requirements* are:
- (1) the forecasted *inertia sub-network allocation* determined three years prior (that is, the *inertia sub-network allocation* specified in accordance with paragraph (b)(2) three years prior to the current *inertia year*) (***binding inertia sub-network allocation***);
 - (2) the forecasted *satisfactory inertia level* determined three years prior (that is, the *satisfactory inertia level* specified in

- accordance with paragraph (b)(3) three years prior to the current *inertia year*) (***binding satisfactory inertia level***); and
- (3) the forecasted *secure inertia level* determined three years prior (that is, the *secure inertia level* specified in accordance with paragraph (b)(4) three years prior to the current *inertia year*) (***binding secure inertia level***).
- (h) If *AEMO* publishes a revision to one or more of the *inertia requirements* in accordance with paragraph (f) within three years of the commencement of the *inertia year* to which a *binding inertia requirement* relates, then the *Inertia Service Provider*:
- (1) may make *inertia network services* available to meet the revised *inertia requirement*;
- (2) is not required to make *inertia network services* available where the revised *inertia requirement* exceeds the *binding inertia requirement* for the relevant *inertia year*.

[16] Clause 5.20B.3 Inertia shortfalls

Omit clause 5.20B.3, including the heading, and substitute:

5.20B.3 [Deleted]

[17] Clause 5.20B.4 Inertia Service Provider to make available inertia services

After clause 5.20B.4(a), insert:

- (a1) The *Inertia Service Provider* for each *inertia sub-network* must make *inertia network services* available in each *inertia year* in accordance with paragraph (a2) that when *enabled* will provide *inertia* to meet the *binding inertia sub-network allocation* for that *inertia sub-network* as adjusted for *inertia support activities*.
- (a2) For the purposes of paragraph (a1), an *Inertia Service Provider* for an *inertia sub-network* must:
- (1) use reasonable endeavours to make the *inertia network services* available by the commencement of the *inertia year* up to the *binding inertia sub-network allocation*;
- (2) make a range and level of *inertia network services* available such that it is reasonably likely that *inertia network services* when *enabled* are continuously available, taking into account planned *outages* and the risk of unplanned *outages*; and
- (3) ensure that the *inertia network services* when *enabled* provide *inertia* up to the *binding inertia sub-network allocation* for the *inertia year* (as adjusted for *inertia support activities* if

applicable) are qualifying *inertia network services* as specified in paragraph (e).

[18] Clause 5.20B.4 Inertia Service Provider to make available inertia services

Omit clause 5.20B.4(b), and substitute:

- (b) If there is a *sub-network islanding risk* for an *inertia sub-network*, the relevant *Inertia Service Provider* must use reasonable endeavours to make *inertia network services* available in accordance with paragraph (c) that when *enabled* will provide *inertia* to:
 - (1) the *binding secure inertia level* for the *inertia year*; or
 - (2) the *binding secure inertia level* for the *inertia year* as adjusted for *inertia support activities*, but not less than the *binding satisfactory inertia level* for the *inertia year* as adjusted for *inertia support activities*.

Note

This paragraph is classified as a tier 1 civil penalty provision under the National Electricity (South Australia) Regulations. (See clause 6(1) and Schedule 1 of the National Electricity (South Australia) Regulations.)

[19] Clause 5.20B.4 Inertia Service Provider to make available inertia services

Omit clause 5.20B.4(c)(1), and substitute “[Deleted]”.

[20] Clause 5.20B.4 Inertia Service Provider to make available inertia services

Omit clause 5.20B.4(c)(3) and (c)(4), and substitute:

- (3) ensure that the *inertia network services* that when *enabled* provide *inertia* up to the *binding satisfactory inertia level* for the relevant *inertia year* (as adjusted for *inertia support activities* if applicable) are qualifying *inertia network services* as specified in paragraph (d); and
- (4) ensure that the *inertia network services* that when *enabled* provide *inertia* beyond the *binding satisfactory inertia level* for the *inertia year* up to the *binding secure inertia level* for the *inertia year* (as adjusted for *inertia support activities* if applicable), are qualifying *inertia network services* as specified in paragraph (e).

[21] Clause 5.20B.4 Inertia Service Provider to make available inertia services

Omit clause 5.20B.4(c)(5), and substitute “[Deleted]”.

[22] Clause 5.20B.4 Inertia Service Provider to make available inertia services

Omit clause 5.20B.4(d), and substitute:

- (d) The *inertia network services* that qualify to provide *inertia* up to the *binding satisfactory inertia level* are:
- (1) *inertia network services* made available by the *Inertia Service Provider* investing in its *network* through the installation, commissioning and operation of:
 - (i) a *synchronous condenser*; or
 - (ii) other equipment approved by *AEMO* in accordance with clause 5.20.4(g); and
 - (2) *inertia network services* made available to the *Inertia Service Provider* by a *Registered Participant* and provided by means of:
 - (i) a *synchronous production unit* or a *synchronous condenser*; or
 - (ii) other equipment approved by *AEMO* in accordance with clause 5.20.4(g),
- in each case under an *inertia services agreement*.

[23] Clause 5.20B.4 Inertia Service Provider to make available inertia services

In clause 5.20B.4(e), omit “*minimum threshold level of inertia*” and substitute “*binding satisfactory inertia level*”.

[24] Clause 5.20B.4 Inertia Service Provider to make available inertia services

In clause 5.20B.4(e), omit “*secure operating level of inertia*” and substitute “*binding secure inertia level*”.

[25] Clause 5.20B.4 Inertia Service Provider to make available inertia services

Omit clause 5.20B.4(f), and substitute:

- (f) An *Inertia Service Provider* required to make *inertia network services* available under paragraph (a1) or (b) must make available the least cost option, or combination of options, that will satisfy its obligation in subparagraph (a2)(1) or (c)(2) (as applicable).

[26] Clause 5.20B.4 Inertia Service Provider to make available inertia services

In clause 5.20B.4(g), omit “paragraph (b)” and substitute “paragraph (a1) or (b)”.

[27] Clause 5.20B.4 Inertia Service Provider to make available inertia services

In clause 5.20B.4(h)(1), omit “paragraph (b)” and substitute “paragraph (a1) and (b)”.

[28] Clause 5.20B.4 Inertia Service Provider to make available inertia services

Omit clause 5.20B.4(h)(2) and substitute:

- (2) *inertia support activities* undertaken to reduce the *binding inertia requirements*.

[29] Clause 5.20B.5 Inertia support activities

Omit clause 5.20B.5(a) and substitute:

- (a) *AEMO* may, at the request of an *Inertia Service Provider*, approve activities (*inertia support activities*) under this clause and agree corresponding adjustments to:
- (1) the *binding satisfactory inertia level* or the *binding secure inertia level* for the purposes of clause 4.4A.3(b)(2) or (3) as applicable;
 - (2) the *binding inertia sub-network allocation* for the purposes of clause 5.20B.4(a1); or
 - (3) the *binding satisfactory inertia level* or the *binding secure inertia level* for the purposes of clause 5.20B.4(b)

where the activities:

- (4) are to be undertaken by the *Inertia Service Provider* or provided as a service to the *Inertia Service Provider*;
- (5) are not *inertia network services*; and
- (6) in the case of:
 - (i) a requested adjustment to the *binding inertia sub-network allocation*, *AEMO* is satisfied the activities will contribute

to the operation of the *power system* (excluding the *Tasmania region*) in a *secure operating state* when no *inertia sub-network* is islanded; or

- (ii) a requested adjustment to the *binding satisfactory inertia level* or the *binding secure inertia level*, *AEMO* is satisfied the activities will contribute to the operation of the *inertia sub-network* in a *satisfactory operating state* or *secure operating state* in the circumstances described in clause 4.4A.3(b)(2) and (3) as applicable.

Note

If approved by *AEMO* under paragraph (a), *inertia support activities* may include installing or contracting for the provision of *frequency control services*, installing emergency protection schemes or contracting with *Generators* or *Integrated Resource Providers* in relation to the operation of their *production units* in specified conditions.

[30] Clause 5.20B.5 Inertia support activities

Omit clause 5.20B.5(b), omit “adjustment to the *minimum threshold level of inertia* or the *secure operating level of inertia*” and substitute “adjustment to one or more of the *binding inertia requirements*”.

[31] Clause 5.20B.5 Inertia support activities

Omit clause 5.20B.5(c)(3) and substitute:

- (3) information about how the *inertia support activity* will, in the case of:
 - (i) a requested adjustment to the *binding inertia sub-network allocation*, contribute to the operation of the *inertia sub-network* in a *secure operating state*; or
 - (ii) a requested adjustment to the *binding satisfactory inertia level* or the *binding secure inertia level*, contribute to operation of the *inertia sub-network* in a *satisfactory operating state* or *secure operating state* in the circumstances described in clause 4.4A.3(b)(2) and (3) as applicable;

[32] Clause 5.20B.6 Inertia network services information and approvals

Omit clause 5.20B.6(a), and substitute:

- (a) An *Inertia Service Provider* required to make *inertia network services* available under clause 5.20B.4(a1) or clause 5.20B.4(b) must prepare and give to *AEMO*, and keep up to date, a schedule setting out the

inertia network services made available by the *Inertia Service Provider* for the *inertia sub-network*.

[33] Clause 5.20B.6 Inertia network services information and approvals

After clause 5.20B.6(b1), insert:

(b2) An *Inertia Service Provider* must establish arrangements for each *inertia network service* it makes available to *AEMO* under the *Rules*, including under any relevant *inertia services agreement*, to ensure:

- (1) that *inertia network service* is capable of being *enabled* by *AEMO* under clause 4.4A.1 on and from 2 December 2025; and
- (2) that *inertia network service* is only capable of being *enabled* by *AEMO*, unless otherwise agreed by *AEMO*.

Note

Clause 4.4A.1 commences on 2 December 2025.

[34] Clause 5.20B.6 Inertia network services information and approvals

In clause 5.20B.6(c), omit “clause 5.20B.4(b)” and substitute “clause 5.20B.4(a1) or clause 5.20B.4(b)”.

[35] Clause 5.20B.6 Inertia network services information and approvals

In clause 5.20B.6(c)(2)(i), omit “and” at the end of the subparagraph.

[36] Clause 5.20B.6 Inertia network services information and approvals

In clause 5.20B.6(c)(2)(ii), insert “and” at the end of the subparagraph.

[37] Clause 5.20B.6 Inertia network services information and approvals

After clause 5.20B.6(c)(2)(ii), insert:

- (iii) the costs to *enable* the *inertia network service*.

[38] Clause 5.20B.6 Inertia network services information and approvals

In clause 5.20B.6(d), omit “clause 5.20B.4(b)” and substitute “clause 5.20B.4(a1) or clause 5.20B.4(b)”.

[39] Clause 5.20C.1 Declaring system strength requirements

In clause 5.20C.1(a)(1), omit “, 4.4.5(a)”.

[40] Clause 5.20C.1 Declaring system strength requirements

In clause 5.20C.1(a)(1), after “4.6.1(b)”, insert “and rule 4.4A”.

[41] Clause 5.20C.1 Declaring system strength requirements

In clause 5.20C.1(b), omit “. In determining the *system strength requirements*, *AEMO* must apply” and substitute “by applying”.

[42] Clause 5.20C.1 Declaring system strength requirements

In clause 5.20C.1(c)(1), omit “4.4.5(a)” and substitute “4.4A.3(b)(4)”.

[43] Clause 5.20C.1 Declaring system strength requirements

After clause 5.20C.1(e), insert:

- (f) If *AEMO* publishes a revision to one or more of the *system strength requirements* in accordance with paragraph (e) within three years of the commencement of the relevant year to which a *binding system strength requirement* relates, then the *System Strength Service Provider*:
 - (1) may make *system strength services* available to meet the revised *system strength requirement*;
 - (2) is not required to make *system strength services* available where the revised *system strength requirement* exceeds the *binding system strength requirement* for the relevant year.

[44] Clause 5.20C.4 System strength services information and approvals

Omit clause 5.20C.4(a) and substitute:

- (a) A *System Strength Service Provider* who makes *system strength services* available for the purposes of clause S5.1.14 must prepare and give to *AEMO*, and keep up to date, a schedule setting out the *system strength services* available to contribute to the *three phase fault level* at each *system strength node*.

[45] Clause 5.20C.4 System strength services information and approvals

After clause 5.20C.4(b1) insert:

(b2) A *System Strength Service Provider* must establish arrangements for each *system strength service* it makes available to *AEMO* under the *Rules*, including under any relevant *system strength services agreement*, to ensure:

- (1) that *system strength service* is capable of being *enabled* by *AEMO* under clause 4.4A.1 on and from 2 December 2025; and
- (2) that *system strength service* is only capable of being *enabled* by *AEMO*, unless otherwise agreed by *AEMO*.

Note

Clause 4.4A.1 commences on 2 December 2025.

[46] Clause 5.20C.4 System strength services information and approvals

In clause 5.20C.4(c)(2)(i), omit “and” at the end of the subparagraph.

[47] Clause 5.20C.4 System strength services information and approvals

In clause 5.20C.4(c)(2)(ii), omit “.” at the end of the subparagraph and substitute “; and”.

[48] Clause 5.20C.4 System strength services information and approvals

After clause 5.20C.4(c)(2)(ii), insert:

- (iii) costs to *enable* the *system strength service*.

[49] Clause 5.20C.4 System strength services information and approvals

In clause 5.20C.4(d), after the first reference to “*AEMO*”, insert “, for approval under paragraph (e),”.

[50] Clause 6A.7.3 Cost pass through

In clause 6A.7.3(a1)(4), insert “and” at the end of the subparagraph.

[51] Clause 6A.7.3 Cost pass through

In clause 6A.7.3(a1)(5), omit “; and” at the end of the subparagraph and substitute “.”.

[52] Clause 6A.7.3 Cost pass through

In clause 6A.7.3(a1), omit subparagraph (6) and the note.

Schedule 4 Amendment to the National Electricity Rules

(Clause 6)

[1] Clause 6A.2.3 Guidelines

In clause 6A.2.3(g), after “*Transmission Ring-Fencing Guidelines*” insert “or the *system security network support payment guidelines*.”

[2] Clause 6A.6.6 Forecast and operating expenditure

In clause 6A.6.6(e)(13), omit “and” at the end of the subparagraph.

[3] Clause 6A.6.6 Forecast and operating expenditure

After clause 6A.6.6(e)(13), insert:

- (13a) the extent to which the operating expenditure forecast includes expenditure that was subject to a determination by the *AER* under clause 6A.6.6A; and

[4] New Clause 6A.6.6A AER power to make advance determination with regard to future operating expenditure

After clause 6A.6.6, insert:

6A.6.6A AER power to make advance determination with regard to future operating expenditure

- (a) The *AER* may, on application by a *Transmission Network Service Provider*, make a determination that expenditure for a proposed *system security network support payment*, or a methodology for such payment, specified in the determination, will be consistent with:
- (1) the *operating expenditure objectives*;
 - (2) the *operating expenditure criteria*;
 - (3) the *operating expenditure factors*; and
 - (4) the factors in clause 6A.7.2(i) relevant to a *system security network support payment*.
- (b) An application submitted by a *Transmission Network Service Provider* under paragraph (a) must comply with any relevant requirements in the *system security network support payment guidelines*.
- (c) The *AER* may (but is not required to) consult in a manner it considers appropriate on the application submitted under paragraph (a) before making a determination.

- (d) A determination made by the *AER* under paragraph (a) must be consistent with the *system security network support payment guidelines*.
- (e) The *AER* must make and publish, and may amend, guidelines (*system security network support payment guidelines*) that set out:
 - (1) the information to be included in an application submitted under paragraph (a);
 - (2) any eligibility criteria or thresholds that will apply for *system security network support payments* before the *AER* will accept an application for under paragraph (a);
 - (3) the process and timeframes for the *AER* to make its determination under paragraph (a); and
 - (4) any other matters the *AER* considers relevant.
- (f) The *transmission consultation procedures* do not apply to the making or amendment of the *system security network support payment guidelines*.

[5] Clause 6A.7.2 Clause 6A.7.2 Network support pass through

In clause 6A.7.2(c)(3), before “evidence”, insert “except to the extent subparagraph (4) applies,”.

[6] Clause 6A.7.2 Clause 6A.7.2 Network support pass through

Omit clause 6A.7.2(c)(4), and substitute:

- (4) for a *network support event* related to a *system security network support payment*, evidence:
 - (i) of the actual costs of *system security network support payments*, irrespective of whether that resulted in a *negative network support event* or a *positive network support event*, including certification by an independent and appropriately qualified expert; and
 - (ii) for a *positive network support event*, that such amounts occur solely as a consequence of the *positive network support event*; and
- (5) such other information as may be required pursuant to any relevant *regulatory information instrument*.

[7] Clause 6A.7.2 Clause 6A.7.2 Network support pass through

In clause 6A.7.2(i)(2), before “in the case of”, insert “except to the extent subparagraph (3a) applies,”.

[8] Clause 6A.7.2 Clause 6A.7.2 Network support pass through

In clause 6A.7.2(i)(3), before “in the case of”, insert “except to the extent subparagraph (3a) applies,”.

[9] Clause 6A.7.2 Clause 6A.7.2 Network support pass through

After clause 6A.7.2(i)(3), insert:

- (3a) in the case of a *network support event* to which a *system security network support payment* relates (for both a *negative network support event* and a *positive network support event*):
 - (i) the total costs for *system security network support payments* the *Transmission Network Service Provider* incurred in the preceding *regulatory year*;
 - (ii) the efficiency of the *Transmission Network Service Provider's* decisions and actions in relation to the risk of the event, including whether the provider has failed to take any action that could reasonably be taken to reduce the magnitude of the *system security network support payments* and whether the provider has taken, or omitted to take, any action where such action or omission has increased the magnitude of the amount in respect of that event; and
 - (iii) if applicable, a determination made by the *AER* under clause 6A.6.6A.

[10] Clause 6A.23.3 Principles for the allocation of the annual service revenue requirement to connection points

Omit clause 6A.22.1(2)(ii) and substitute:

- (ii) the *network support payment allowance* for a *regulatory year* for the *Transmission Network Service Provider* that relates to *system security network support payments*; and
- (iii) any adjustments under clause 6A.7.2 that relate to a reconciliation in a previous *regulatory year* of expected

system security network support payments with actual
system security network support payments;

[11] Clause 6A.23.3 Principles for the allocation of the annual service revenue requirement to connection points

Omit the empty clause 6A.23.3(h).

[12] Clause 6A.23.3 Principles for the allocation of the annual service revenue requirement to connection points

Omit clause 6A.23.3(h) and substitute:

- (h) The *annual service revenue requirement for prescribed common transmission services* is to be adjusted by adding:
 - (1) the operating and maintenance costs incurred in the provision of those services;
 - (2) expected *system security network support payments*;
 - (3) any adjustments under clause 6A.7.2 that relate to a reconciliation in a previous *regulatory year* of expected *system security network support payments* with actual *system security network support payments* (to the extent that the relevant allowance was subtracted from the *maximum allowed revenue* in accordance with clause 6A.22.1).

Schedule 5 Amendment to the National Electricity Rules

(Clause 7)

[1] Clause 3.9.7 Pricing for constrained-on units

In clause 3.9.7(c)(1), omit “or” at the end of the subparagraph.

[2] Clause 3.9.7 Pricing for constrained-on units

In clause 3.9.7(c)(2), omit “,” at the end of the subparagraph and substitute “;”.

[3] Clause 3.9.7 Pricing for constrained-on units

After clause 3.9.7(c)(2), insert:

- (3) a *transitional service* under an *ancillary services agreement* is enabled such that a *production unit* is *constrained on* in any *trading interval* to provide a *transitional service*;

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

- (4) a *NSCAS* under a *network support agreement* is enabled such that a *production unit* is *constrained on* in any *trading interval* to provide *NSCAS*; or
- (5) a *NSCAS* under an *ancillary services agreement* is enabled such that a *production unit* is *constrained on* in any *trading interval* to provide *NSCAS*,

[4] Clause 3.9.7 Pricing for constrained-on units

In the paragraph at the end of clause 3.9.7(c), omit “relevant *inertia unit* or *system strength production unit*” wherever occurring and substitute “relevant *production unit*”.

[5] 3.11.6 Dispatch of network support and control ancillary services by AEMO

Before clause 3.11.6(a), insert:

- (0a) This clause does not apply to *NSCASs* acquired by *Transmission Network Service Providers* (in their capacity as a *System Strength Service Provider* or *Inertia Service Provider*) to address a *NSCAS gap* described in paragraph (b) or (c) of that definition.

Note

NSCAS to address a *NSCAS gap* relating to *system strength services* and *inertia network services* must be enabled under rule 4.4A. *AEMO* may enable other *NSCAS* under this clause or under rule 4.4A.

[6] Clause 3.11.6 Dispatch of network support and control ancillary services by AEMO

In clause 3.11.6(a1)(1), omit “*dispatching NCAS*” and substitute “*dispatching NSCAS* under this clause”.

[7] Clause 4.1.1 Purpose

In clause 4.1.1(a)(3)(iv), omit “*inertia network services or system strength services*” and substitute “*system security services*”.

[8] Clause 4.2.5 Technical envelope

In clause 4.2.5(c)(7), omit “*inertia network service and system strength service*” and substitute “*system security services*”.

[9] Clause 4.3.1 Responsibility of AEMO for power system security

In clause 4.3.1(o), omit “, *system strength services or inertia network services*” and substitute “or *system security services*”.

[10] Clause 4.4.4 Instructions to enable inertia network services

In clause 4.4.4, omit the heading and substitute “[Deleted]”.

[11] Clause 4.4.4 [Deleted]

Omit clause 4.4.4 in its entirety.

[12] Clause 4.4.5 Instructions to enable system strength services

In clause 4.4.5, omit the heading and substitute “[Deleted]”.

[13] Clause 4.4.5 [Deleted]

Omit clause 4.4.5 in its entirety.

[14] New Rule 4.4A Enablement of system security services

New Rule 4.4A Enablement of system security services

4.4A.1 AEMO enablement of system security services

AEMO may, at any time, *enable*:

- (a) any *system security services* to achieve and maintain the *minimum system security requirements*; and

- (b) *system strength services* to achieve and maintain stable *voltage waveforms* for the level and type of *inverter based resources* and *market network service facilities* that *AEMO* forecasts would be *dispatched* in the relevant *trading interval* if this were not limited by *system strength services (stable voltage waveform requirements)*,
in accordance with this rule 4.4A and the *Security Enablement Procedures*.

4.4A.2 System security services

Each of the following is a *system security service*:

- (a) a *system strength service*;
- (b) an *inertia network service*;
- (c) a *NSCAS*; and
- (d) a *transitional service*,

to the extent procured by *AEMO* or a *Transmission Network Service Provider* under an agreement for that service under the *Rules*.

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

4.4A.3 Minimum system security requirements

- (a) *AEMO* must, from time to time, publish, in accordance with the *Security Enablement Procedures*, the *minimum system security requirements*.
- (b) The *minimum system security requirements* are those necessary for the operation of the *power system* during the range of actual operating conditions encountered in the *power system* including:
 - (1) the *inertia sub-network allocation* for each *inertia sub-network*;
 - (2) where a *contingency event* that would result in an *inertia sub-network* becoming *islanded* has been classified as a *credible contingency event* or defined as a *protected event*, the level of *inertia* reasonably considered necessary by *AEMO* to operate the *inertia sub-network* so that it is and will remain in a *satisfactory operating state* when the *inertia sub-network* is *islanded*;
 - (3) where an *inertia sub-network* is *islanded*, the level of *inertia* reasonably considered necessary by *AEMO* to operate the *inertia sub-network* so that it is and will remain in a *secure operating state*;

- (4) the minimum *three phase fault level* for each *system strength node* reasonably considered necessary by *AEMO* to maintain the *power system* in a *secure operating state*;
- (5) a *NSCAS need* to the extent reasonably considered necessary by *AEMO* to maintain the *power system* in a *secure operating state*;
- (6) the *power system security needs* and expected duration specified in the statement for *transitional services* published under clause 3.11.12(a)(2)(i) from time to time, where applicable; and
- (7) any other *power system security requirements* that *AEMO* determines from time to time are necessary to maintain the *power system security standards*,

but does not include the *reliability standard* or the *system restart standard*.

- (c) The *minimum system security requirements*:
 - (1) are not required to be consistent with the *binding inertia requirements* and *binding system strength requirements*;
 - (2) may exceed those requirements where reasonably necessary for *AEMO* to achieve the *minimum system security requirements*; and
 - (3) where they are different to those requirements, do not affect the relevant *Inertia Service Provider's* or *System Strength Service Provider's* obligation to make *inertia network services* or *system strength services* available in accordance with the *binding inertia requirements* and *binding system strength requirements*.

4.4A.4 Enablement principles

When electing the range and quantity of *system security services* to be *enabled* under clause 4.4A.1, *AEMO* must use reasonable endeavours to give effect to the following principles:

- (a) the *system security services* that are *enabled* should be the lowest total cost combination required to achieve and maintain the *minimum system security requirements* and the *stable voltage waveform requirements*;
- (b) a *system security service* should be *enabled* as close as practicable to the relevant *trading interval*, and in any case, *enabled* no more than 12 hours ahead of the *trading interval*;
- (c) a *system security service* should only be *enabled* where, in *AEMO's* reasonable opinion, the *minimum system security requirements* or the *stable voltage waveform requirements* would not be met but for such *enablement*;

- (d) when *enabling* a *system security service* to achieve the *stable voltage waveform requirements*, where such services are required in addition to those required to achieve the *minimum system security requirements*, *AEMO* should:
 - (1) only *enable* a quantity of *system strength services* that is reasonably necessary to achieve *stable voltage waveforms* for the level and type of *inverter based resources* and *market network service facilities* that *AEMO* projects could be *dispatched* in the relevant *trading interval*; and
 - (2) not *enable* a *system strength production unit* if *enabling* that unit would result in significant adverse effects on *power system efficiency* or *power system emissions*.

4.4A.5 Instructions to enable system security services

- (a) In selecting the *system security services* to be *enabled* under clause 4.4A.1, *AEMO* must use reasonable endeavours to select services in accordance with the *enablement* principles under clause 4.4A.4 and the *Security Enablement Procedures*.
- (b) For the purposes of clause 4.4A.1, *AEMO* may at any time give an instruction to a *System Security Service Provider* who is providing *system security services*, or to a *Registered Participant* who has agreed with a *System Security Service Provider* to provide *system security services*, stating that *AEMO* requires *system security services* to be *enabled*. Where *system security services* are provided by an *inertia unit* or *system strength production unit*, the instruction must be given in accordance with the procedures for giving *dispatch instructions* under the *Rules*. Otherwise, the instruction must be given in accordance with the arrangements for giving instructions applicable to the *system security service* approved by *AEMO* under clause 4.3.4(d)(4), clause 5.20B.6(e), clause 5.20C.4(e), or as agreed with *AEMO* under a relevant *ancillary services agreement*.
- (c) *AEMO* may at any time give an instruction stating that *AEMO* requires the provision of a *system security service* to cease. The instruction must be given in the manner provided for in paragraph (b).
- (d) An instruction to *enable* or cease providing *system security services* must include:
 - (1) specific reference to the *system security service* to which the instruction applies;
 - (2) the time the instruction is issued; and
 - (3) the time at which the service is to be *enabled* or cease, if that is different from the time the instruction is issued.

- (e) A *System Security Service Provider* or *Registered Participant* providing *system security services* must comply with an instruction given under paragraph (b) or (c).
- (f) A *System Security Service Provider* or *Registered Participant* providing *system security services* must ensure that appropriate personnel or electronic facilities are available at all times to receive and immediately act upon instructions issued by *AEMO* to *enable* the *system security service* or cease providing it.
- (g) A *System Security Service Provider*, or a *Registered Participant* who has agreed with a *System Security Service Provider* to provide *system security services*, must ensure that it is able to *dispatch a facility* that is *enabled* pursuant to clause 4.4A.1 and is responsible for changing inputs to the *central dispatch* process, if necessary to achieve this, via the offer and bidding provisions under clauses 3.8.6 to 3.8.7B and the rebidding provisions under clause 3.8.22.

4.4A.6 Security Enablement Procedures

- (a) *AEMO* must develop and publish procedures for the *enablement* of *system security services* (***Security Enablement Procedures***), which must include:
 - (1) a methodology for how *AEMO* will determine the *minimum system security requirements* in accordance with clause 4.4A.3;
 - (2) a methodology for the *enablement* of *system security services* in accordance with the enablement principles in clause 4.4A.4;
 - (3) any minimum or recommended requirements to be included in agreements for the provision of *system security services* entered into by *Transmission Network Service Providers*; and
 - (4) a description of how *AEMO* determines the level of *stable voltage waveform requirements* under clause 4.4A.1(b) and how it will *enable system strength services* under a *system strength services agreement* to support this level.
- (b) *AEMO* must comply with the *Rules consultation procedures* when making or amending the *Security Enablement Procedures*.

4.4A.7 System security services reporting

- (a) Each *day*, in accordance with the *timetable*, *AEMO* must publish details of each type of *system security service*, the relevant *facilities*, the quantity and *AEMO's* estimate of the cost of that service *enabled* in the previous day and the reasons for the *enablement*.
- (b) By no later than 30 September each year, *AEMO* must prepare and publish a report setting out:

- (1) an assessment of the extent to which *system security services* achieved the *minimum system security requirements* and *stable voltage waveform requirements* in the previous *financial year*;
- (2) the total quantity and estimate of costs of each type of *system security service* that was *enabled* in the previous *financial year*;
- (3) the relevant *facilities* that were *enabled* in the previous *financial year*;
- (4) the reasons for *enablement* of the *system security services* that were *enabled* in the previous *financial year*; and
- (5) any trends in the *enablement* of *system security services* compared with earlier *financial years*.

[15] Clause 4.11.1 Remote control and monitoring devices

In clause 4.11.1(b), omit “, *system strength services or inertia network services*” and substitute “or *system security services*”.

Schedule 6 Amendment to the National Electricity Rules

(Clause 8)

[1] Chapter 10 Substituted definitions

In Chapter 10, omit and substitute the following definitions:

network support agreement

An agreement under which a person agrees to provide one or more *NSCASs* to a *Network Service Provider*, including:

- (a) *network support services* to improve network capability by providing a non-*network* alternative to a *network augmentation*; and
- (b) *system strength services* or *inertia network services* (as the case may be) required to address a *NSCAS gap* described in paragraph (b) or (c) of that definition.

negative network support event

A *network support event* which entails a *Transmission Network Service Provider* making lower *network support payments* in the preceding *regulatory year* than:

- (a) the amount of the *network support payment allowance* (if any); or
- (b) the expected *system security network support payments* included under clause 6A.23.3(h)(2), if applicable,

for that provider for that preceding *regulatory year*.

network support event

- (a) If, at the end of a *regulatory year* of a *regulatory control period*, the amount of *network support payments* made by a *Transmission Network Service Provider* for that previous *regulatory year* is higher or lower than the amount of the *network support payment allowance* (if any) for the *Transmission Network Service Provider* for that previous *regulatory year*, this constitutes a *network support event*.
- (b) **[Deleted]**
- (c) To the extent the *network support payments* are *system security network support payments* for which the *Transmission Network Service Provider* has made estimates under clause 6A.23.3(h)(2), then a *network support event* has occurred if the amount of *system security network support payments* made for that previous *regulatory year* is higher or lower than the sum of the expected *system security network*

support payments included under clause 6A.23.3(h)(2) for that previous *regulatory year*.

network support payment

Any of the following payments:

- (a) a payment made by a *Transmission Network Service Provider* to:
 - (1) any *Generator* or *Integrated Resource Provider* providing *network support services* in accordance with clause 5.3A.12; or
 - (2) any other person providing a *network support service* that is an alternative to *network augmentation*;
- (b) a *system security network support payment*.

network support payment allowance

The amount of *network support payments* (if any) that is provided for a *Transmission Network Service Provider* for a *regulatory year* in the *annual building block revenue requirement* for the *Transmission Network Service Provider* for that *regulatory year*.

positive network support event

A *network support event* which entails a *Transmission Network Service Provider* making higher *network support payments* in the preceding *regulatory year* than:

- (a) the amount of the *network support payment allowance* (if any); or
- (b) the sum of the expected *system security network support payments* included under clause 6A.23.3(h)(2), if applicable

for that provider for that preceding *regulatory year*.

system security network support payment

Any of the following payments:

- (a) a payment made by a *Transmission Network Service Provider* under a *network support agreement* for *NSCAS*;
- (b) an *inertia service payment*; and
- (c) a *system strength service payment*.

[2] Chapter 10 New definition

In Chapter 10, insert the following definition in alphabetical order:

system security network support payment guidelines

The guidelines made by the *AER* under clause 6A.6.6A(e).

Schedule 7 Amendment to the National Electricity Rules

(Clause 9)

[1] Chapter 10 Substituted definitions

In Chapter 10, omit and substitute the following definitions:

inertia

Contribution to the capability of the *power system* to resist changes in *frequency* by means of an inertial response from a *generating unit*, *bidirectional unit*, *network element* or other equipment.

inertia requirements

The requirements determined by *AEMO* under clause 5.20B.2.

inertia service payment

A payment by a *Transmission Network Service Provider* made under an *inertia services agreement* where:

- (a) the payment is made for *inertia network services* or *inertia support activities* to be made available or provided as a service to the *Transmission Network Service Provider* in its capacity as an *Inertia Service Provider* to (in the case of *inertia network services*) satisfy an obligation under clause 5.20B.4 or (in the case of *inertia support activities*) resulting in an adjustment to the *binding inertia requirements*; and
- (b) the *inertia network services* are made available or provided, or the *inertia support activity* is undertaken, in accordance with:
 - (1) applicable technical specifications and performance standards approved by *AEMO*;
 - (2) in the case of an *inertia support activity*, any conditions of *AEMO*'s approval under clause 5.20B.5(a); and
 - (3) if *AEMO*'s approval is required under clause 5.20.4(g), any conditions of that approval.

inertia unit

A *generating unit* or *bidirectional unit* registered with *AEMO* under clause 5.20B.6(b) or (b1).

NMAS (non-market ancillary service)

Any of the following services:

- (a) *NSCAs* and other services acquired by *Transmission Network Service Providers* under *connection agreements* or *network support agreements* to meet the service standards linked to the technical

requirements of schedule 5.1 or in *applicable regulatory instruments*;
and

- (b) *SRASs* acquired by *AEMO* under clause 3.11.9, *NSCASs* acquired by *AEMO* in the circumstances described in clause 3.11.3(c) and *transitional services* acquired by *AEMO* under clause 3.11.11.

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

- (a) *NSCAS* comprising *inertia network services* and *system strength services* acquired by *Transmission Network Service Providers* (in their capacity as a *System Strength Service Provider* or *Inertia Service Provider*) to meet a *NSCAS need*.

NSCAS need

- (a) *NSCAS* required to:
 - (1) maintain *power system security* and reliability of *supply* of the *transmission network* in accordance with the *power system security standards* and the *reliability standard*; and
 - (2) maintain or increase the *power transfer capability* of that *transmission network* so as to maximise the present value of net economic benefit.
- (b) A requirement for an *inertia network service* necessary to meet the *inertia requirements* where *AEMO* has revised the *inertia requirements* in accordance with clause 5.20B.2(f) such that the revised *inertia requirements* exceed one or more of the *binding inertia requirements* (as applicable).
- (c) A requirement for a *system strength service* necessary to meet the *system strength requirements* to maintain the *minimum three phase fault level* where *AEMO* has revised the *minimum three phase fault level* in accordance with clause 5.20C.1(e) such that the revised *minimum three phase fault level* exceeds the *minimum three phase fault level* specified in the system strength standard specification (as defined in clause S5.1.14).

NSCAS (network support and control ancillary service)

A service (including an *inertia network service* or *system strength service*) with the capability to control the *active power* or *reactive power* flow into or out of a *transmission network* to address an *NSCAS need*.

NSCAS gap

Any of the following:

- (a) an *NSCAS need* that *AEMO* forecasts will arise at any time within a planning horizon of at least 5 years from the beginning of the year in which the most recent *NSCAS Report* applies; or
- (b) an *NSCAS need* described in paragraph (b) of that definition where the time by which the *Transmission Network Service Provider* (as the *Inertia Service Provider*) must address the *NSCAS gap* is less than 3 years from the date *AEMO* has declared the *NSCAS gap*; or
- (c) an *NSCAS need* described in paragraph (c) of that definition where the time by which the *Transmission Network Service Provider* (as the *System Strength Service Provider*) must address the *NSCAS gap* is less than 3 years from the date *AEMO* has declared the *NSCAS gap*.

synchronise

The act of *synchronising* a *production unit*, other equipment or a *scheduled network service* to the power system.

synchronising

To electrically *connect* a *production unit*, other equipment or a *scheduled network service* to the power system.

system strength production unit

A *production unit* registered with *AEMO* under clause 5.20C.4(b) or (b1).

system security services

Has the meaning in clause 4.4A.2.

system-wide inertia level

Has the meaning in clause 5.20B.2(b)(1).

[2] Chapter 10 New definitions

In Chapter 10, insert the following definitions in alphabetical order:

binding inertia requirements

The *binding inertia sub-network allocation*, *binding satisfactory inertia level* and *binding secure inertia level*.

binding inertia sub-network allocation

Has the meaning in clause 5.20B.2(g)(1).

binding satisfactory inertia level

Has the meaning in clause 5.20B.2(g)(2).

binding secure inertia level

Has the meaning in clause 5.20B.2(g)(3).

binding system strength requirements

The system strength standard specification (as defined in clause S5.1.14) as applicable for each *system strength node*.

inertia sub-network allocation

Has the meaning in clause 5.20B.2(b)(2).

inertia network service specification

Has the meaning in clause 5.20.4(f).

inertia year

Each period of 12 months commencing 2 December.

satisfactory inertia level

Has the meaning in clause 5.20B.2(b)(3).

secure inertia level

Has the meaning in clause 5.20B.2(b)(4).

Security Enablement Procedures

The procedures published by *AEMO* under clause 4.4A.6.

stable voltage waveform requirements

Has the meaning in clause 4.4A.1(b).

sub-network islanding risk

Has the meaning in clause 5.20B.2(b)(5).

System Security Service Provider

Each of the following:

- (a) a *System Strength Service Provider*;
- (b) an *Inertia Service Provider*;
- (c) a *NSCAS Provider*; and

(d) a *Transitional Services Provider*.

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional service* are provided expires on 1 December 2039. See clause 11.168.5.

[3] Chapter 10 Deleted definitions

In Chapter 10, omit the following definitions:

inertia shortfall

inertia shortfall event

minimum threshold level of inertia

secure operating level of inertia

Schedule 8 Amendment to the National Electricity Rules

(Clause 10)

[1] Chapter 10 Substituted definition

In Chapter 10, omit and substitute the following definitions:

constrained on

- (a) In respect of a *production unit*, the state where, due to a *constraint* on a *network* or in order to provide *system security services* under a relevant agreement, the *loading level* of that *production unit* is limited above the level to which it would otherwise have been *dispatched* by *AEMO* on the basis of its *dispatch bid*.
- (b) In respect of a *wholesale demand response unit*, the state where, due to a *constraint* on a *network*, the *loading level* of that *wholesale demand response unit* is limited above the level to which it would otherwise have been *dispatched* by *AEMO* on the basis of its *dispatch bid*.

dispatch

The act of initiating or enabling all or part of the response specified in a *dispatch bid* or *market ancillary service bid* in accordance with rule 3.8, or a *direction* or operation of capacity the subject of a *reserve contract* or an instruction under an *ancillary services agreement* or to *enable a system security service*, as appropriate.

enable

A *market ancillary service* is *enabled* when *AEMO* has selected the relevant *ancillary service unit* for the provision of the *market ancillary service* and has notified the relevant *Market Participant* accordingly.

A *system security service* is *enabled* when *AEMO* has selected the relevant service and the service is contributing to achieving and maintaining the *minimum system security requirements* or the *stable voltage waveform requirements*.

[2] Chapter 10 New definitions

In Chapter 10, insert the following definitions in alphabetical order:

minimum system security requirements

The requirements determined and published by *AEMO* under clause 4.4A.3(a).

Security Enablement Procedures

The procedures published by *AEMO* under clause 4.4A.6.

stable voltage waveform requirements

Has the meaning in clause 4.4A.1(b).

System Security Service Provider

Each of the following:

- (a) a *System Strength Service Provider*;
- (b) an *Inertia Service Provider*;
- (c) a *NSCAS Provider*; and
- (d) a *Transitional Services Provider*.

Note

The transitional services framework (as defined in clause 11.168.1) under which *transitional services* are provided expires on 1 December 2039. See clause 11.168.5.

system security services

Has the meaning in clause 4.4A.2.

Schedule 9 Savings and Transitional Amendment to the National Electricity Rules

(Clause 11)

[1] New rule 11.168 Rules consequential on the making of the National Electricity Amendment (Improving security frameworks for the energy transition) Rule 2024

In chapter 11, after rule 11.167, insert:

11.168 Rules consequential on the making of the National Electricity Amendment (Improving security for the energy transition) Rule 2024

11.168.1 Definitions

(a) In this rule 11.168:

Amending Rule means the *National Electricity Amendment (Improving security frameworks for the energy transition) Rule 2024*.

commencement date means 4 April 2024.

existing inertia shortfall means an inertia shortfall that was declared prior to the commencement date in accordance with former clause 5.20B.3.

expiry date means 1 December 2039.

former clause 5.20B.3 means clause 5.20B.3 of the *Rules* as in force on the commencement date.

former clause 5.20B.4 means clause 5.20B.4 of the *Rules* as in force on the commencement date.

former clause 5.20B.4(b) means clause 5.20B.4(b) of the *Rules* as in force on the commencement date.

former clause 5.20B.4(h) means clause 5.20B.4(h) of the *Rules* as in force on the commencement date.

former clause 5.20B.5 means clause 5.20B.5 of the *Rules* as in force on the commencement date.

former clause 6A.7.3 means clause 6A.7.3 of the *Rules* as in force on the commencement date.

inertia shortfall has the same meaning as that term has in the *Rules* on the commencement date.

inertia shortfall event has the same meaning as that term has in the *Rules* on the commencement date.

new Chapter 10 means Chapter 10 of the *Rules* as in force on and from 2 December 2025.

new clause 3.11.11 means clause 3.11.11 of the *Rules* as in force on and from 3 June 2024, immediately after the commencement of the *National Electricity Amendment (Integrating energy storage systems into the NEM) Rule 2021 No. 13*.

new clause 3.11.11(e) means clause 3.11.11(e) of the *Rules* as in force on and from 3 June 2024, immediately after the commencement of the *National Electricity Amendment (Integrating energy storage systems into the NEM) Rule 2021 No. 13*.

new clause 3.11.12(b) means clause 3.11.12(b) of the *Rules* as in force on and from 3 June 2024, immediately after the commencement of the *National Electricity Amendment (Integrating energy storage systems into the NEM) Rule 2021 No. 13*.

new clause 4.4A.1 means clause 4.4A.1 of the *Rules* as in force on and from 2 December 2025.

new clause 4.4A.6(a) means clause 4.4A.6(a) of the *Rules* as in force on and from 2 December 2025.

new clause 4.4A.6(a)(3) means clause 4.4A.6(a)(3) of the *Rules* as in force on and from 2 December 2025.

new clause 5.20.4 means clause 5.20.4 of the *Rules* as in force on and from 1 December 2024.

new clause 5.20.8(b) means clause 5.20.8(b) of the *Rules* as in force on and from 4 July 2024.

new clause 5.20.8(d) means clause 5.20.8(d) of the *Rules* as in force on and from 1 December 2024.

new clause 5.20.8(e) means clause 5.20.8(e) of the *Rules* as in force on and from 1 December 2024.

new clause 5.20B.4(b) means clause 5.20B.4(b) of the *Rules* as in force on and from 1 December 2024.

new clause 5.20B.4(h) means clause 5.20B.4(h) of the *Rules* as in force on and from 1 December 2024.

new clause 6A.7.2 means clause 6A.7.2 of the *Rules* as in force on and from 1 December 2024.

new clause 6A.22.1 means clause 6A.22.1 of the *Rules* as in force on and from 1 December 2024.

new clause 6A.23.3 means clause 6A.23.3 of the *Rules* as in force on and from 1 December 2024.

new inertia framework means the *inertia requirements* and all associated provisions of the *Rules* as in force on and from 1 December 2024.

transitional services framework means all provisions, and associated definitions, in the *Rules* relating to *transitional services*.

- (b) Italicised terms used in this rule 11.168 have the same meaning as in new Chapter 10.

11.168.2 Security Enablement Procedures

- (a) By 31 August 2025, *AEMO* must, in accordance with the *Rules consultation procedures*, develop and publish the *Security Enablement Procedures* under new clause 4.4A.6(a).
- (b) Despite paragraph (a), by 30 June 2024, *AEMO* must publish the information under new clause 4.4A.6(a)(3).
- (c) *AEMO* is not required to consult on the information to be published under paragraph (b), but must consult on that information when it consults on the development of the *Security Enablement Procedures* under paragraph (a).
- (d) Subject to paragraph (e), once *AEMO* has published the *Security Enablement Procedures* under paragraph (a), the information published under paragraph (b) is superseded.
- (e) Any agreement for the provision of *system security services* entered into by a *Transmission Network Service Provider* prior to 31 August 2025 in compliance with the information published under paragraph (b) is deemed to be compliant with new clause 4.4A.6(a)(3) to the extent the information published under paragraph (a) differs from the information published under paragraph (b).

11.168.3 Commencement of transitional services framework

- (a) Despite new clause 3.11.11(e), *AEMO* is not required to publish the first *Transitional Services Guideline* until 1 December 2024.
- (b) *AEMO* must not procure *transitional services* prior to the publication of the *Transitional Services Guideline*.
- (c) *AEMO* is not required to publish the first report under new clause 3.11.12(b) until calendar year 2025.

11.168.4 AEMC review of transitional services framework

- (a) The *AEMC* must complete and publish a review of the transitional services framework by no later than 1 December 2031.
- (b) The review must consider whether:
 - (1) the transitional services framework is fit for purpose; and
 - (2) the transitional services framework should remain in place following the expiry date.
- (c) In conducting its review under paragraph (a), the *AEMC* must:
 - (1) publish terms of reference for its review; and

- (2) follow the *Rules consultation procedures*.

Note

This clause does not preclude the *AEMC* from conducting a review in accordance with section 45 of the *NEL*.

11.168.5 Expiry of transitional services framework

- (a) The transitional services framework expires on the expiry date.
- (b) On and from the expiry date, *AEMO* must not enter into any *ancillary services agreement* under new clause 3.11.11 or *enable* any *transitional services* under new clause 4.4A.1.
- (c) Prior to the expiry date, *AEMO* must not enter into any *ancillary services agreement* under new clause 3.11.11 where the term of such an agreement would continue past the expiry date.

11.168.6 Transition Plan for System Security

- (a) As part of the *AEMC*'s review under clause 11.168.4, the *AEMC* must also consider whether:
 - (1) the *Transition Plan for System Security* is achieving its purpose under new clause 5.20.8(b); and
 - (2) the role of the *Reliability Panel* providing commentary on the *Transition Plan for System Security*, and the process for *AEMO* to consult with the *Reliability Panel*, remain fit for purpose.

11.168.7 Commencement of system security network support payments

- (a) For the avoidance of doubt, new clause 6A.22.1 and new clause 6A.23.3:
 - (1) do not apply to transmission prices determined under Part J of Chapter 6A of the *Rules* for the 2024-2025 *financial year*;
 - (2) apply to transmission prices determined under Part J of Chapter 6A of the *Rules* from the 2025-2026 *financial year* onwards.
- (b) A *Transmission Network Service Provider* cannot seek a determination by the *AER* under new clause 6A.7.2 in respect of a *regulatory year* that commences prior to 1 July 2025.

11.168.8 Inertia requirements methodology

- (a) By 1 December 2024, *AEMO* must publish the *inertia requirements methodology* under new clause 5.20.4 to take account of the Amending Rule.

11.168.9 Preservation of inertia shortfall requirements

- (a) On and from the commencement date, *AEMO* must not declare a new inertia shortfall under former clause 5.20B.3.
- (b) Subject to paragraph (d), if, on the commencement date, there is an existing inertia shortfall, then the relevant *Inertia Service Provider* must continue to make available a range and level of *inertia network services* to comply with former clause 5.20B.3 and former clause 5.20B.4 until 1 December 2027, or an earlier date specified in a notice received from *AEMO* under paragraph (d).
- (c) Between the commencement date and 1 December 2027, *AEMO* may make an assessment that an existing inertia shortfall:
 - (1) has been, or will be remedied; or
 - (2) needs to be adjusted.
- (d) If *AEMO* makes an assessment under paragraph (c), *AEMO* must publish and give to the relevant *Inertia Service Provider*, a notice of that assessment that includes *AEMO's* specification of the date from which the obligation of the *Inertia Service Provider* ceases, or is adjusted, which must not be later than 1 December 2027.
- (e) In making its assessment under paragraph (c), *AEMO* may take into account the *inertia network services* to be made available by any *Inertia Service Provider* pursuant to the new inertia framework.
- (f) If:
 - (1) prior to the commencement date, a *Transmission Network Service Provider* has included an inertia shortfall event in its *transmission determination* in accordance with clause 6A.7.3; and
 - (2) if the *transmission determination* referred to in subparagraph (1) ends prior to 1 December 2027, the *Transmission Network Service Provider* includes an inertia shortfall event in its subsequent *transmission determination*; and
 - (3) a *pass through event* that is an inertia shortfall event occurs prior 1 December 2027;then:
 - (4) the *Transmission Network Service Provider* is not prevented from seeking approval from the *AER* to pass through to *Transmission Network Users* a *positive pass through amount* in accordance with former clause 6A.7.3; and
 - (5) the *AER* is not prevented from requiring the *Transmission Network Service Provider* to pass through to *Transmission*

Network Users a *negative pass through amount* in accordance with former clause 6A.7.3.

- (g) Between the commencement date and 1 December 2027, for the purposes of clause 5.12.2(8)(ii), a *Transmission Network Service Provider* must include in its *Transmission Annual Planning Report* (as relevant):
 - (1) information required under clause 5.12.2(8)(ii) in respect of former clause 5.20B.4(h) and former clause 5.20B.4(b); and
 - (2) information required under clause 5.12.2(8)(ii) in respect of new clause 5.20B.4(h) and new clause 5.20B.4(b).

11.168.10 System security network support payment guidelines

- (a) The *AER* must make and publish the *system security network support payment guidelines* by 1 December 2024.

[END OF RULE AS MADE]
