

AEMC NATIONAL ELECTRICITY AMENDMENT (IMPROVING THE NEM ACCESS STANDARDS - PACKAGE 2) RULE 2026 DRAFT DETERMINATION (ERC0394)

7 MAY 2026

INTRODUCTION

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our members are the engine room of the Australian economy, producing many of the products that households and business use every day including bricks, glass, steel, aluminium, paper, food and beverages. Combined, our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

EUAA members are focussed on making products that meet their own customers' requirements where energy is just one input to the process albeit a critical one. Their expectation is that the energy industry continues to provide energy services that are fit for purpose and consistent with the National Electricity Objectives (NEO) so that our members can continue to provide a fit for purpose product for their customers.

Thank you for the opportunity to make a submission under the National Electricity Amendment (Improving The NEM Access Standards - Package 2) Rule 2026 Draft Determination and the corresponding Draft Rule.

The EUAA supports proposed rule changes where evidence points to an issue and the proposed rule change clearly leads to improved efficiency of markets and/or improved system security and where the costs and risks are appropriately allocated to those best able to manage them. The EUAA does not support approaches that lack evidence or require consumers to perform activities best managed by others.

We support the intent of the Draft Determination however the Draft Rule does not fully reflect that intent. Several drafting shortcuts, threshold inconsistencies, and definitional issues risk creating confusion, unnecessary regulatory burden, and unintended consequences for large industrial consumers.

Our key concerns relate to:

1. **The definition and threshold for Large IBL**, which is inconsistent with AEMO's evidence.
2. **Multiple overlapping thresholds** that create complexity and uncertainty.
3. **Ambiguity regarding the treatment of traditional loads**, which could be interpreted as requiring them to meet new access standards.
4. **Implementation timing**, which is misaligned with practical project development cycles.
5. **Drafting inconsistencies**, where the Draft Rule does not reflect the intent expressed in the Draft Determination.

We outline these issues below and propose practical amendments to ensure the final rule is workable, proportionate, and aligned with the evidence.

DEFINING LARGE INVERTER-BASED LOAD (IBL)

The EUAA supports the AEMC's objective to target the system security risks associated with **large concentrations of IBL**, not large loads in general.

AEMO's own evidence demonstrates that:

- System security risks emerge when **IBL exceeds ~100 MW** within a local network area.
- There is **no evidence** that 5 MW, 10 MW, or even 30 MW of IBL at a single facility creates instability.
- Traditional loads have not contributed to cascading events and often provide natural damping ("shock absorber") behaviour.

However, the Draft Rule introduces a **30 MW threshold** for Large IBL, which will inadvertently capture many industrial facilities with modest IBL but large traditional loads (e.g. 30 MW IBL at a 200 MW site). This issue is especially problematic as traditional large loads decarbonise and expand their use of IBL, making them more likely to be inadvertently captured by the 30MW threshold. This is inconsistent with the Draft Determination's stated intent.

EUAA Recommendation

The definition of Large IBL should reflect the evidence:

- **Large IBL = ≥ 100 MW**
- **Co-located IBL threshold = ≥ 30 MW only where ≥ 70 MW of existing IBL already exists**
- **IBL-to-traditional-load ratio** should be considered to avoid capturing sites where traditional load materially mitigates IBL behaviour.

Setting thresholds below 100 MW will:

- impose unnecessary regulatory burden,
- discourage reinvestment and expansion,
- hinder electrification and decarbonisation, and
- require consumers to undertake system-security functions that should remain with NSPs and AEMO.

SHORT CIRCUIT RATIO (SCR) REQUIREMENTS

The Draft Rule applies SCR requirements to all IBL >5 MW. This is disproportionate and unsupported by evidence. AEMO has not demonstrated that IBL installations between 5–30 MW create system strength issues. Many EUAA members operate >30 MW of IBL with no history of system strength impacts.

EUAA Recommendation

SCR requirements should apply only to:

- **IBL ≥ 100 MW**, and
- where relevant, adjusted for the **ratio of IBL to traditional load**.

Capturing IBL <100 MW will:

- create unnecessary red tape,
- impose significant engineering and modelling costs,
- delay investment and decarbonisation projects, and
- require consumers to employ power system engineers—an unreasonable expectation.

INCONSISTENCIES BETWEEN THE DRAFT RULE AND DRAFT DETERMINATION

The Draft Rule introduces multiple overlapping categories and thresholds that are not aligned with the Draft Determination and will create confusion for NSPs and consumers.

Confusing participant categories

The Draft Rule uses multiple terms interchangeably, including:

- Schedule 5 Participant
- Schedule 5.3 Participant and Schedule 5.3 Participant's Plant
- Schedule 5.3 Plant
- Relevant Schedule 5 Participant
- IBL
- Large IBL

This creates ambiguity about which obligations apply to which loads.

Excessive and inconsistent thresholds

The Draft Rule includes thresholds at:

- 5 MW (SCR)
- 10 MW (Compulsory Interruptible Load)
- 30 MW (Relevant Schedule 5 Participant / Large IBL)
- 100 MW (Large IBL in some contexts)

This is more complex than the generator framework and will lead to inconsistent interpretation and application.

EUAA Recommendation

Use **two thresholds only**:

- **30 MW** for Compulsory Interruptible Load
- **100 MW** for Large IBL including SCR

And use **two participant categories only**:

- **Schedule 5.3 Participant**
- **Large IBL**

This will materially improve clarity and reduce implementation risk.

IMPLEMENTATION TIMING

The Draft Rule requires applicants who have already lodged a connection application to meet the new access standards. This is impractical because connection applications require detailed electrical design and protection studies based on the standards in force at the time of preparation.

EUAA Recommendation

Shift the implementation trigger to the **Enquiry Response** stage, not the application stage.

Additionally, adopt the international approach that allows:

- a **12-month period** where applicants may connect under existing standards,
- followed by a requirement to meet the new standards after 12 months.

This reflects real-world project timelines, where large loads rarely operate at full capacity within the first year.

TESTING REQUIREMENTS

Clause 4.6.6(d) requires Schedule 5.3 Participants and Schedule 5.3 Plants to undertake testing if AEMO suspects non-compliance. However, AEMO does not have visibility of all Schedule 5.3 plant and will not gain such visibility under the Draft Determination.

This appears to be a drafting error.

EUAA Recommendation

Replace “Schedule 5.3 Participant/Plant” with **Large IBL** in clauses 4.6.6(d), (e), (f), (f1), (f2), and (g).

This aligns the rule with the Draft Determination’s intent.

CONCLUDING REMARKS

The EUAA supports the AEMC’s objective to improve the NEM access standards and address the system security risks associated with large concentrations of IBL. However, the Draft Rule does not fully reflect the intent of the Draft Determination and requires refinement to ensure clarity, proportionality, and practical implementation.

We recommend that the AEMC:

- adopt a **100 MW threshold** for Large IBL,
- simplify definitions and thresholds,
- clarify the treatment of traditional loads,
- adjust implementation timing to reflect project realities, and
- correct drafting inconsistencies.

The EUAA welcomes further discussions with us and our members around the issues raised in this submission.

Do not hesitate to be in contact with EUAA Policy Manager Dr Leigh Clemow, should you have any questions.



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