

Australian Energy Market Operator  
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### **Submission to AEMO Transition Plan for System Security**

The Australian Energy Council welcomes the opportunity to make a submission to the AEMO Transition Plan for System Security (TPSS).

The Australian Energy Council is the peak body for energy retailers and generators operating in competitive markets. Our members generate and sell energy to over 10 million homes and businesses and are committed to delivering a reliable, affordable and decarbonised energy system for consumers. The AEC supports net zero by 2050 and recognises the electricity sector's role in reducing Australia's emissions. Our members are major investors in renewables, firming and storage technologies that are critical to ensuring customers continue to receive reliable and sustainable energy supply as we navigate the energy transition.

#### **Overall Views**

As the National Electricity Market (NEM) undergoes a fundamental transition toward variable renewable energy and the retirement of synchronous plants, maintaining system security is of paramount importance. The AEC views the TPSS as a vital tool for guiding collaboration between AEMO, governments, and market participants to ensure grid security is maintained under the National Electricity Rules (NER).

We commend AEMO for the significant improvements made in the 2025 TPSS compared to the previous year, specifically regarding the identification of emerging security gaps and the collaborative actions required from stakeholders. However, the AEC believes the TPSS requires further enhancement through specific actionable plans to better support market participants. To this end, we have lodged a rule change request with the Clean Energy Council. <sup>1</sup>

#### **Identifying New Approaches for Essential System Services (ESS)**

As conventional synchronous plants retire, AEMO must move beyond the current 'unit combination' approach for providing Essential System Services (ESS). The AEC recommends that the TPSS include:

- Expanded technical work to define the specific range of ESS required, building upon the Transitional Services Type 2 trials and the Engineering Roadmap.

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<sup>1</sup> <https://www.aemc.gov.au/sites/default/files/2026-01/New%20rule%20change%20proposal%20-%20AEC%20%26%20CEC%20-%20%28UPDATED%20VERSION%29%20Enhancing%20system%20security%20frameworks%20-%2020260121.PDF>

- Investigation of diverse service providers and technologies, considering the NEM's specific topology to increase the resilience of ESS provision.

### **Operational Planning for Low-Synchronous Periods**

The industry requires a structured operational plan that includes clear investment requirements for periods when few or no synchronous units are online. This plan must account for the increasing frequency of synchronous generator withdrawals, whether for seasonal commercial reasons, planned maintenance, or permanent retirement.

### **Consistency Across Planning Documents**

A critical area for improvement is the consistency of assumptions and methodologies across AEMO's various publications. Conflicting signals between documents create uncertainty that hinders informed investment decision-making for market participants.

A notable discrepancy exists regarding the mode of operation for coal plants in Queensland. While the 2025 Thermal Audit and TPSS indicate that these generators are not planning for flexible operations like two-shifting due to wear and tear concerns, the draft 2026 Integrated System Plan (ISP) suggests otherwise.

To ensure the robustness of AEMO's analyses, the AEC urges AEMO to align the findings across all interrelated reports, including:

- The Integrated System Plan (ISP).
- The Gas and Electricity Statement of Opportunities.
- The Thermal Audit and the TPSS.
- The General Power System Risk Review.

The AEC believes that addressing these inconsistencies and providing clearer technical insights will facilitate a safer, more reliable, and secure power system while supporting the investment needed for the energy transition.

Any questions about our submission should be addressed to David Feeney, by email to [david.feeney@energycouncil.com.au](mailto:david.feeney@energycouncil.com.au).

Yours sincerely,



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