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Australian Energy Market Operator  
Level 12, 171 Collins Street,  
Melbourne, VIC 3000, Australia  
Submitted via email to [futureenergy@aemo.com.au](mailto:futureenergy@aemo.com.au)

## Submission: 2025 Transition Plan for System Security

CS Energy welcomes the opportunity to provide a submission in response to the Australian Energy Market Operator's (**AEMO's**) *2025 Transition Plan for System Security (TPSS)*.

### About CS Energy

CS Energy is a Queensland-owned and based energy company that provides power to some of the State's biggest industries and employers. We generate and sell electricity in the wholesale and retail markets, and we employ almost 700 people who live and work in the regions where we operate.

CS Energy owns thermal power generation assets, and we are building a more diverse portfolio. We also have a renewable energy offtakes portfolio of almost 300 megawatts, which we supply to our large commercial and industrial customers in Queensland. CS Energy is developing a 400 MW gas-fired peaking generator at Brigalow near Kogan Creek in Queensland.


### Overall views


As the National Electricity Market (**NEM**) transitions to a system with more variable renewable energy and synchronous plants withdrawing, the ability to effectively and efficiently manage system security against this evolving landscape is critical. In this context, the TPSS serves an important role in guiding the collaboration between AEMO, governments, network service providers and market participants to collectively maintain grid security through the operation and planning frameworks, as required under the National Electricity Rules (**NER**).


CS Energy commends AEMO's 2025 TPSS as it is a significant improvement relative to the 2024 TPSS with more pertinent details that identify emerging system security gaps, investment needs and necessary collaborative actions by key stakeholders to ensure that the grid operates securely.

However, CS Energy is of the view that the TPSS could be enhanced further to include specific actionable plans, including for AEMO to:

- Identify new ways of how essential system services (**ESS**) can be provided in lieu of the current 'unit combination' approach as conventional ESS providers (such as synchronous plants) retire from the NEM. This should include:
  - Expanding on technical work that AEMO is undertaking to improve its understanding of ESS needs and define the type or range of ESS needed (including by building on the work undertaken as part of the Transitional Services Type 2 trials and Engineering Roadmap); and

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- Investigating approaches that involve multiple service providers with different technologies considering the NEM topology to increase the diversity and resilience of ESS provision.
- Develop a structured operational plan (with investment requirements) for grid operation during periods with limited or no synchronous units online, especially when synchronous generators are increasingly withdrawing from the NEM either seasonally for commercial reasons, operationally for planned maintenance and unplanned outage, or completely due to retirement.

These proposed enhancements should facilitate market participants' investment decision-making process by providing more insights into:

- System security needs and gaps, specifically how AEMO is planning to maintain system security as the NEM transitions to a low-emissions system; and
- AEMO's evolving technical understanding of ESS and operational procedures needed to ensure the secure operation of the grid during the energy transition.

Further, it is recommended that AEMO works towards ensuring that its planning documents are consistent and up to date in their assumptions, findings and methodologies. Lack of consistency means that market participants are faced with conflicting signals relating to system and investment needs.

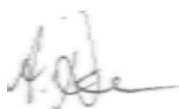
An example where a discrepancy has been observed is the mode of operation of coal plants in the NEM. AEMO's 2025 Thermal Audit and TPSS noted that coal generators in Queensland have not and are not planning to investigate flexible operation, including two-shifting. The impact of two-shifting is perceived to be significant due to accelerated wear and tear throughout the plant. However, AEMO's draft 2026 Integrated System Plan (**ISP**) made references to Queensland based coal plants operating in such a manner.

To maintain the robustness of AEMO's analyses, consistencies need to be extended to all interrelated planning and input publications, including the ISP, TPSS, Thermal Audit, Gas and Electricity Statement of Opportunities, the Inputs, Assumptions and Scenarios report, and the General Power System Risk Review.

CS Energy considers the above suggested changes would facilitate better representation of potential future states of the NEM, which in turn allows more informed investment decision-making that would facilitate a safe, reliable and secure power system.

If you would like to discuss this submission, please contact Wei Fang Lim, Market Regulatory Manager, on either 0455 363 114 or [wlim@csenergy.com.au](mailto:wlim@csenergy.com.au).

Yours sincerely



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