

The Hon Penny Sharpe MLC

Minister for Climate Change, Minister for Energy,
Minister for the Environment, Minister for Heritage,
Leader of the Government in the Legislative Council



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Mr John Cleland
Chief Executive Officer
Essential Energy

By email: [REDACTED]

Dear Mr Cleland

I write to you regarding the risk of Minimum System Load (MSL) events identified by the Australian Energy Market Operator (AEMO) and the readiness and response of NSW Distribution Network Service Providers (DNSPs) to respond to these events.

As you are aware, the NSW Government has been working to develop and implement a consistent and effective emergency backstop mechanism in NSW. I can advise that I have approved a variation to the DNSP licence conditions to establish obligations for NSW DNSPs that are consistent with the delivery and use of the backstop mechanism from 30 June 2026.

I appreciate the collaborative effort of the three NSW DNSPs in working with the NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW) in developing the emergency backstop mechanism and Consumer Energy Resources (CER) Installer Portal which will support a coordinated and effective rollout. This cooperation is essential to delivering a consistent approach across NSW that minimises disruption for solar manufacturers, installers, DNSPs, and customers.

The licence conditions I have approved require DNSPs to establish and operate CSIP-AUS enabled utility servers capable of responding to directions issued by AEMO to curtail solar export and/or generation during MSL events from 30 June 2026.

I acknowledge the need to ensure DNSPs have sufficient capacity across a range of measures for responding to MSL events. As part of the licence conditions variation DNSPs are required to develop measures which ensure they can deliver a sufficient response to MSL levels forecast by AEMO. I request that DNSPs consult with AEMO to determine the appropriate operational demand capacity needed. I support DNSPs investing in practical, least-cost measures to develop this capacity.

On 29 August 2025, the NSW Jurisdictional System Security Coordinator wrote to you about the 2025 Jurisdictional Load Shedding Guidelines. The updated section 11 provided the operational order to manage MSL between AEMO, Transgrid and yourselves, of:

- constrain or decommit generation not providing essential system services
- switching on and enabling all available load, including cancellation of planned outages
- curtailment or offloading of high voltage customers' non-scheduled generation
- curtailment of controllable generation embedded in the distribution network
- curtailment of residential embedded generation (solar emergency backstop – export limitation, solar emergency backstop – generation limitation or emergency voltage management).

While NSW DNSPs may deploy any combination of measures at their disposal to comply with AEMO directions, I expect DNSPs to prioritise and deploy first the measures that deliver additional operational demand, and least impact customers.

I further request that the three NSW DNSPs harmonise their emergency backstop mechanism implementation across all distribution networks. DNSPs should adopt a consistent NSW test protocol for CSIP-AUS-enabled utility servers across all networks and not impose requirements beyond those in other Australian jurisdictions.

To avoid barriers for installers or manufacturers, and apply consistent processes for managing non-compliance, including performance monitoring, enforcement, and reporting, and to ensure interoperability and streamlined access, DNSPs should standardise the connection process of CSIP-AUS solar generating systems.

Although this requirement is not included in the licence conditions, they should be implemented as policy to support a cohesive, efficient, and industry-aligned rollout of the solar emergency backstop mechanism.

In December 2024, I requested DNSPs work with DCCEEW to develop a CER Installer Portal to enable the delivery and operationalisation of the emergency backstop mechanism. I acknowledge and welcome the close engagement of DNSPs with DCCEEW to date on the design and delivery of the CER Installer Portal, and request this continue. I consider the CER Installer Portal as critical to the implementation of the emergency backstop mechanism, and I expect DNSPs to utilise it for the purposes of enrolling new systems in the backstop mechanism.

The NSW emergency backstop mechanism is being implemented using systems and technologies consistent with the use of flexible export limits. The NSW Government strongly supports the availability and use of flexible export limits to enable solar customers to export more energy when the grid can accommodate it. I encourage DNSPs to continue developing their capability to support the effective uptake of flexible exports by NSW solar households.

If you have any further questions about this issue, please contact [REDACTED]
Consumer Policy Branch, DCCEEW at [REDACTED]

Sincerely

[REDACTED]

Penny Sharpe MLC

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10/12/25