



# National Electricity and Gas Rules Update 2018

July 2018 | Rule changes as at 1 August 2018

## National Electricity Rules

There were no new rule change requests in the month of July.

There has been one new final determination. This was a non-controversial rule change which made the AER responsible for producing and updating values of customer reliability (VCRs).

There have been no new draft determinations since the last update.

## National Energy Retail Rules

There were no new rule change requests in the month of July.

There have also been no final determinations since the last update.

There has been one new draft determination which relates to the Federal Government's efforts to improve outcomes for energy customers. This rule change would require electricity retailers to provide customers with prior warning of price changes.

## National Gas Rules

There were no new rule change requests in the month of July.

There have also been no final determinations or draft determinations published since the last update.

## Opportunities for Stakeholders

**NER and NERR** – Submissions on the draft rule determination that would require AEMO to establish a register of distributed energy resources close on 7 August 2018.

**NERR** – Submissions on the draft rule determination that would require retailers to provide customers with advanced notice of price changes close on 16 August 2018.

## Energy Reform

On 26 July 2018, the AEMC issued the final report for its Reliability Frameworks Review (the **Review**). The purpose of the Review was to consider changes to the existing reliability framework that could deliver long term reliability at least cost.

The final report makes the following recommendations in relation to four key areas:

1. **Information transparency:** The report recommends rule changes to allow AEMO to publish guidelines on its forecasting methodology as well as how it will report differences between forecast and actual values. It also recommends that AEMO continuously provide forecast deviation data to market participants.
2. **Demand response:** The report recommends a voluntary, contracts-based short-term market be implemented to allow participants to trade retail contracts at close to real time. It is also recommended that demand response aggregators be recognised on equal footing with generators in the wholesale market and that consumers be allowed to engage multiple retailers or aggregators at the same connection point.
3. **Wholesale market outcomes:** The report recommends that further steps be taken to explore how self-forecasting by wind and solar generation operators could be used to improve NEM forecasting accuracy.
4. **Market interventions:** The report recommends that further work be done to evaluate the suitability of the existing NEM intervention mechanisms (including in relation to the RERT) and improve transparency around AEMO intervention events and resulting compensation payments.

The AEMC will progress a number of remaining workstreams from the Review in parallel with implementing the rule changes proposed in the report.

The outcomes of the report will be provided to the COAG Energy Council prior to its December 2018 meeting as part of a progress update on the AEMC's reliability work program.

For more information, see [here](#).

## Introduction

The document lists all rule change requests for the NER and NERR (section 1) and the NGR (section 2), currently under consideration by the AEMC. The status of each proposed Rule is regularly updated on the AEMC website and this document is amended on a monthly basis to reflect those changes.

## National Energy Retail Rules

Since 1 July 2012, the AEMC has held the role of rule maker for the Australian retail energy markets. This includes the power to amend the NERR which are part of the NECF. The NECF has commenced in South Australia, New South Wales, Queensland, Tasmania and the Australian Capital Territory. Victoria has implemented the NECF in so far as it applies to Chapter 5A of the NERR. Western Australia and the Northern Territory do not propose to implement the NECF. The AEMC may amend the NERR independently to, or in conjunction with, amendments to the NER.

## Glossary

In this document the following definitions apply:

|             |                                     |             |                                       |
|-------------|-------------------------------------|-------------|---------------------------------------|
| <b>NER</b>  | National Electricity Rules          | <b>NEM</b>  | National Electricity Market           |
| <b>NERR</b> | National Energy Retail Rules        | <b>AER</b>  | Australian Energy Regulator           |
| <b>NGR</b>  | National Gas Rules                  | <b>DNSP</b> | Distribution Network Service Provider |
| <b>AEMC</b> | Australian Energy Market Commission | <b>TNSP</b> | Transmission Network Service Provider |
| <b>NECF</b> | National Energy Customer Framework  | <b>NSP</b>  | Network Service Provider              |
| <b>AEMO</b> | Australian Energy Market Operator   | <b>COAG</b> | Council of Australian Governments     |
| <b>ESB</b>  | Energy Security Board               | <b>DER</b>  | distributed energy resources          |

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# ➤ National Electricity Rules & National Energy Retail Rules

## Rule Change Requests

| Rule Name   | Proponent                                | Lodgement Date             | Stage                                     | Deadline for Submissions       | Summary of Request   |
|---|--|----------------------------|---|--------------------------------|--|
| New rule change requests                                    |  |                            |   |                                |  |
| No new rule change requests.                                |  |                            |   |                                |  |
| Existing rule change requests                               |  |                            |   |                                |  |
| Enhancement to the Reliability and Emergency Reserve Trader | AEMO                                     | 9 March 2018               | Consultation on request for rule change   | Deadline passed (26 July 2018) | <p>AEMO submitted a rule change request to the AEMC proposing broad changes to the design of the Reliability and Emergency Reserve Trader (<b>RERT</b>) framework. These changes include a longer time horizon for procuring RERT contracts prior to identified shortfalls, redesign of the RERT trigger and the introduction of standardised RERT products. This proposal interacts with the National Energy Guarantee, as the RERT framework will act as the mechanism for procurement of reserves under the procurer of last resort function of the reliability requirement.</p> <p>On 21 June 2018, the AEMC issued a consultation paper on the rule change request. Submissions on the paper closed on 26 July 2018.</p> <p>For more information, see <a href="#">here</a>.</p> |
| Global Settlement and Market Reconciliation                 | AEMO                                     | 16 March 2018              | Consultation on request for rule change   | Deadline passed (5 July 2018)  | <p>AEMO submitted a rule change request that would allow it to adopt a new methodology for settling the demand side of the National Electricity Market. AEMO proposes to adopt a 'global settlement' framework that, when compared with the current 'settlement by differencing' framework', will more accurately reconcile the market and allow settlement errors and anomalies to be more easily identified.</p> <p>On 7 June 2018, the AEMC issued a consultation paper on the rule change request. Submissions on the paper closed on 5 July 2018.</p> <p>For more information, see <a href="#">here</a>.</p>  |
| Metering installation timeframes                            | Hon Josh Frydenberg MP, Minister for the | 1 March 2018<br>5 May 2018 | Consultation on consolidated rule request | Deadline passed (12 July 2018) | <p>This proposed change aims to protect small customers who, as a result of rule changes which commenced on 1 December 2017, are entitled to receive new Type 4 meters from their retailer. The request includes amendments to the NER and the</p>   |

| Rule Name  | Proponent  | Lodgement Date                                    | Stage                                     | Deadline for Submissions       | Summary of Request   |
|--|--|---|---|--------------------------------|--|
|  | Environment and Energy on behalf of Australian Government; the Australian Energy Council |   |   |                                | <p>NERR to require retailers to provide small customers with new meters on the date agreed by the customer, or otherwise within 6 business days, as well as other changes to timeframes for repairing faulty meters and notifying customers of planned interruptions, etc.</p> <p>On 31 May 2018, the AEMC issued a consultation paper on the rule change request. Submissions on the paper closed on 12 July 2018.</p> <p>For more information, see <a href="#">here</a>.</p>   |
| Strengthening protections for customers in hardship  | AER  | 21 March 2018                                     | Preparation of draft determination        | Deadline passed (28 June 2018) | <p>The AER proposed a change to the NERR that would allow for the development and adoption of a Customer Hardship Policy Guideline. This Guideline would provide industry with directions on how to apply the minimum requirements for hardship policies contained in the NERR, which would also enable clearer regulatory oversight of retailer compliance.</p> <p>On 24 May 2018, the AEMC issued a consultation paper on the rule change request. Submissions on the paper closed on 28 June 2018.</p> <p>For more information, see <a href="#">here</a>.</p>                           |
| Participant compensation following market suspension | AEMO   | 25 July 2017                                      | Consultation on request for rule change   | Deadline passed (14 June 2018) | <p>AEMO submitted a rule change request to the AEMC seeking changes to the NER to allow for the compensation of market participants who suffer loss due to pricing during market suspension. The purpose of the change is to reduce the need for operational intervention in order to keep the power system secure during periods of market suspension.</p> <p>On 17 May 2018, the AEMC issued a consultation paper on the rule change request. Submissions on the paper closed on 14 June 2018.</p> <p>For more information, see <a href="#">here</a>.</p>                                |
| Estimated meter reads                                | Hon Josh Frydenberg MP, Minister for the Environment and Energy on behalf of Australian  | 6 February 2018<br>27 March 2018<br>29 March 2018 | Consultation on consolidated rule request | Deadline passed (14 June 2018) | <p>This consolidated rule change request proposes changes to the NER and the NERR, aimed at minimising inaccurate estimated meter reads. In particular, the Hon Josh Frydenberg as Minister for the Environment and Energy proposed changes that would permit small customers to submit a self-read of their meter to their retailer if they receive a bill that is based on an inaccurate estimate of their energy consumption. Under the NERR, a retailer may, in limited circumstances, base a small customer's bill on an estimation of their energy consumption. This rule change</p> |



| Rule Name                              | Proponent   | Lodgement Date | Stage                                   | Deadline for Submissions      | Summary of Request  |
|--|---|----------------|---|-------------------------------|---|
|  | Government; Ms Kirsty Johnson, Dr Daryl Dott  |                |   |                               | <p>would reduce a small customer's exposure to over- or under-charging as a result of receiving a bill based on an inaccurate estimate by the retailer.</p> <p>On 17 May 2018, the AEMC issued a consultation paper on the rule change request. Submissions on the paper closed on 14 June 2018.</p> <p>For more information, see <a href="#">here</a>.</p>   |
| Generator three year notice of closure | Dr Kerry Schott AO, Chair of the ESB  | 6 March 2018   | Consultation on request for rule change | Deadline passed (7 June 2018) | <p>Dr Kerry Schott AO, the Chair of the ESB, submitted this rule change request proposing changes to the NER that would require scheduled and semi-scheduled generators to provide AEMO with at least three years' notice of when they will cease operation. This proposed rule change stems from one of the recommendations of the Finkel Review and aims to provide market participants with clear and specific information on closure dates so they can better plan for the introduction of new capacity.</p> <p>On 10 May 2018, the AEMC issued a consultation paper on the rule change request. Submissions on the paper closed on 7 June 2018.</p> <p>For more information, see <a href="#">here</a>.</p>               |
| Advance notice of price changes        | Hon Josh Frydenberg MP, Minister for the Environment and Energy on behalf of Australian Government; Hon Don Harwin MLC, Minister for Energy and Utilities on behalf of the NSW Government | 26 April 2018  | Consultation on draft determination     | 16 August 2018                | <p>This rule change request seeks changes to the NERR to require electricity retailers to provide their customers with prior notice of energy price changes. At present, customers must be informed by retailers of changes in the prices they pay for energy no later than their next bill, which for households can be up to three months after a change is made. The purpose of this change is to provide customers with sufficient time and information to consider their options prior to a price change taking effect.</p> <p>On 5 July 2018, the AEMC issued a draft rule determination. Submissions on this draft determination are due on 16 August 2018.</p> <p>For more information, see <a href="#">here</a>.</p> |

| Rule Name                                 | Proponent           | Lodgement Date | Stage                               | Deadline for Submissions       | Summary of Request   |
|---|---------------------|----------------|-------------------------------------|--------------------------------|--|
| Register of distributed energy resources  | COAG Energy Council | 5 October 2017 | Consultation on draft determination | 7 August 2018                  | <p>The COAG Energy Council has proposed a rule change to the NER and the NERR to establish a register of distributed energy resources (<b>DER</b>) following the identification of gaps in the collection of DER data under the current regulatory mechanisms in AEMO's 2017 report 'Visibility of Distributed Energy Resources in the National Electricity Market'. The proposed rule intends to provide AEMO with obligations to obtain and share information on DER with industry participants (within appropriate privacy constraints). The objectives of this rule change request include improving power system and network security by providing AEMO with visibility over DER and providing key information to consumers and installers.</p> <p>On 26 June 2018, the AEMC published a draft rule determination. Submissions on this draft determination are due on 7 August 2018.</p> <p>For more information, see <a href="#">here</a>.</p> |
| Generator technical performance standards | AEMO                | 11 August 2017 | Publication of draft determination  | Deadline passed (13 July 2018) | <p>AEMO submitted a rule change request to the AEMC seeking changes to the access standards for generating systems in the NER and changes to the negotiating framework. Those changes also impact access standards into the standard of performance required of the physical equipment that makes up and connects to the power system.</p> <p>On 31 May 2018, the AEMC published a draft rule determination, following an earlier consultation process. Submissions on this draft determination closed on 13 July 2018.</p> <p>For further information, see <a href="#">here</a>.</p>  |

## Rule Changes: recent and not yet commenced

| Rule Name  | Commencement Date                  | Amending Rule | Date of Final Determination | Details  |
|--|------------------------------------|---------------|-----------------------------|--|
| Final rule determinations since last Update                              |                                    |               |                             |  |
| Establishing values of customer reliability                              | 13 July 2018                       | 2018 No. 8    | 5 July 2018                 | <p>This rule change, initiated by the COAG Energy Council, makes the AER responsible for establishing values of customer reliability (<b>VCRs</b>). This requires the AER to develop the methodology for calculating VCRs, and review and update VCRs on an ongoing basis. The purpose of the rule change was to improve the transparency and consistency of VCRs, which are used in the market and by regulators as an important measure of reliability.</p> <p>An expedited process was used for this rule change. The AEMC determined that it should make the rule as proposed, with minor amendments. The rule commenced on 13 July 2018.</p> <p>For more information, see <a href="#">here</a>.</p>   |
| Other rules not yet commenced  |                                    |               |                             |  |
| Minor changes (retail)   | 10 April 2018<br>1 February 2019   | 2018 No. 1    | 3 April 2018                | <p>This AEMC-initiated rule corrects minor and non-material errors in the NERR, including formatting and typographical errors and the deletion of redundant definitions. The rule further inserted notes for each new civil penalty provision in the NERR as a result of the <i>National Energy Retail (Civil Penalties) Variation Regulations 2017</i>. Associated minor changes to the NER have already commenced.</p> <p>For further information, see <a href="#">here</a>.</p>   |
| Strengthening protections for customers requiring life support equipment | 1 February 2018<br>1 February 2019 | 2017 No. 3    | 19 December 2017            | <p>This rule amends the NERR to provide greater protection from de-energisation to life support customers who have not validly registered with the NERR. The final rule amends the life support provisions in the NERR to entitle customers to life support protections from the time they first inform either their retailer or distributor of their status as life support customer. It also contains amendments which alter the minimum requirements for retailers and distributors to register and deregister customers for life support protections. Further, the rule change clarifies the role of retailers and distributors with regards to the registration, medical confirmation and deregistration processes.</p> <p>For further information, see <a href="#">here</a>.</p> |

| Rule Name              | Commencement Date               | Amending Rule | Date of Final Determination | Details   |
|------------------------|---------------------------------|---------------|-----------------------------|---|
| Five Minute Settlement | 19 December 2017<br>1 July 2021 | 2017 No. 15   | 28 November 2017            | <p>This rule amends the NER to reduce the settlement interval from 30 minutes to five minutes. As a result, the spot price for electricity on the wholesale market will be determined for each five minute trading interval instead of the average of dispatch prices across a 30-minute timeframe. This change aligns the operational dispatch and financial settlement periods, with a view to encouraging contestability of demand response technology and improving incentives for more efficient generation.</p> <p>The rule applies differently between meter specifications. Types 1, 2 and 3 meters will need to record and provide five minute data from 1 July 2021. With certain exceptions, data from type 4, 4A, 5 and 6 meters that have already been installed will be profiled to five minute intervals by AEMO. From 1 December 2018 and 1 December 2019, all new or replaced type 4 and type 4A meters will need to provide five minute data, respectively.</p> <p>The rule provides for a transition period starting on 19 December 2017. The rule will then come into full effect on 1 July 2021.</p> <p>For further information, see <a href="#">here</a>.</p> |





# National Gas Rules

## Rule Change Requests

| Rule Name                                  | Proponent                     | Lodgement Date   | Stage                               | Deadline for Submissions       | Summary of Request   |
|--|-------------------------------|------------------|-------------------------------------|--------------------------------|--|
| New rule change requests since last Update |                               |                  |                                     |                                |  |
| No new rule change requests.               |                               |                  |                                     |                                |  |
| Existing rule change requests              |                               |                  |                                     |                                |  |
| Cross period revenue smoothing (Gas)       | Jemena Gas Networks (NSW) Ltd | 14 December 2017 | Consultation on draft determination | Deadline passed (19 July 2018) | <p>Jemena Gas Networks (NSW) Ltd proposed a rule change to amend the NGR to allow the recovery of its revenue from retailers (and ultimately customers) to be spread across two access arrangement periods, rather than one.</p> <p>The AER's final decision regarding JGN's 2015-20 access arrangement was subject to judicial review and merits review. The AER must remake its final decision regarding JGN's 2015-20 access arrangement and this will result in a need to make revenue adjustments for the remaining two years of JGN's access arrangement period. There is uncertainty as to how this may affect prices in coming years.</p> <p>The proposed rule change would operate as a one-off power and aims minimise price volatility for NSW gas customers that may occur following the delay in the finalisation of JGN's 2015-20 access arrangement by shifting revenue recovery between access arrangement periods.</p> <p>On 7 June 2018, the AEMC published a draft rule determination. Submissions on this draft determination closed on 19 July 2018.</p> <p>For more information, see <a href="#">here</a>.</p> |

## Rule Changes: recent and not yet commenced

| Rule Name   | Commencement Date  | Amending Rule | Date of Final Determination | Details   |
|---|--|---------------|-----------------------------|---|
| Final rule determinations since last Update             |  |               |                             |   |
| No new final determinations.                            |  |               |                             |   |
| Other rules not yet commenced                           |  |               |                             |   |
| Minor changes   | 10 April 2018<br>1 July 2018<br>30 September 2018<br>1 February 2019 | 2018 No. 1    | 3 April 2018                | <p>This AEMC-initiated rule change corrects minor and non-material errors in the NGR, including formatting and typographical errors and the deletion of redundant definitions. The rule further inserts notes for each new civil penalty provision in the NGR as a result of the <i>National Gas (South Australia) (Civil Penalties) Variation Regulations 2017</i>.</p> <p>For more information, see <a href="#">here</a>.</p>   |
| Improvements to the Natural Gas Services Bulletin Board | 3 October 2017<br>15 May 2018<br>30 September 2018                   | 2017 No. 3    | 26 September 2017           | <p>This rule change amends Part 18 of the NGR to provide greater confidence in, and clarity to, the information reported in the Natural Gas Services Bulletin Board (<b>BB</b>). These amendments clarify and expand the purpose of the BB, updating the information to be reported and implementing a reporting standard to improve information quality.</p> <p>The final rule allows AEMO to recover costs for the provision of the BB service, to exempt certain entities on a case-by-case basis and to carve out certain provisions specifically for declared transmission system pipelines.</p> <p>From 3 October 2017, AEMO was obliged to publish the new BB procedures by 30 April 2018. The new cost recovery provisions commenced on 15 May 2018 and the remaining rules will commence on 30 September 2018.</p> <p>For further information, see <a href="#">here</a>.</p> |

| Rule Name             | Commencement Date | Amending Rule | Date of Final Determination | Details  |
|-----------------------|-------------------|---------------|-----------------------------|--|
| Gas day harmonisation | 1 April 2021      | 2017 No. 2    | 16 February 2017            | <p>This rule amends the NGR to implement a recommendation of the AEMC <a href="#">Stage One Final Report</a> on the East Coast Wholesale Gas Market and Pipeline Frameworks Review, relating to its proposal to harmonise the gas day start time of the eastern Australian facilitated gas markets.</p> <p>From 1 April 2021, a single definition of 'gas day' will apply, bringing the gas day start times in the Short Term Trading Markets and the Wallumbilla Gas Supply Hub into conformity with the Victorian Declared Wholesale Gas Market. The 'gas day' is a 24 hour period during which gas flows are measured. The purpose of this amendment is to remove unnecessary complexities and inconsistencies between the different markets to incentivise inter-regional trade and reduce compliance costs.</p> <p>The commencement date of the rule has been set to coincide with the expected completion of the integration of the east coast gas markets.</p> <p>For more information, see <a href="#">here</a>.</p> |

## Disclaimer

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