



National Electricity and Gas Rules Update 2019

December 2018–January 2019 | Rule changes as at 1 February 2019

National Electricity Rules

There was one new rule change request made in the period of December-January which seeks to establish a tender for voluntary market making processes in the NER.

There were two new final determinations since the last Update. The first will introduce a new 'global settlement' framework for settling the NEM. The second (with changes to the NERR) introduces changes to the timeframes for meter installation and repair.

There was one new draft determination published since the last Update which would allow metering coordinators to deactivate the remote communications capability on already installed type 4 meters at the request of a small customer.

National Energy Retail Rules

There was one new rule change request made in the period of December-January which would require retailers to include start and end values on bills for interval meter customers.

There was one new final determination since the last Update. This rule will (together with changes to the NER) introduce changes to the timeframes for meter installation and repair.

There have been no new draft determinations published since the last Update.

National Gas Rules

There were no new rule change requests made in the period of December-January.

There have been no new final determinations published since the last Update.

There was one new draft determination published since the last Update which implements a number of changes to the regulation of covered pipelines.

Opportunities for Stakeholders

NERR – Submissions on the consultation paper regarding the request to require retailers to include start and end valued on bills are due on 28 February 2019.

NER – Submissions on the consultation papers regarding the request relating to establishing a tender process for market making services and the request relating to deactivation of the remote communications capability on installed meters are due on 7 February 2019.

Energy Reform

The AEMC published a draft report and detailed draft amendments to the NER, NEL and NERL which would establish a new regulatory regime for embedded networks. This follows a 2017 review which found that most embedded network customers were unable to access competitive retail offers and consumer protections.

Presently, embedded networks are exempt from registration requirements for entities which own, control or operate a transmission or distribution system or sell energy. Consequently, these networks are not subject to the same regulatory requirements that govern grid distributors, operators and retailers in the NEM.

Key changes to embedded network regulation proposed by the AEMC include:

1. Recognising embedded network service providers as a type of distribution system operator and extending relevant provisions that currently apply only to regulated distribution system operators so they also apply to nonregulated distribution system operators.
2. Amending the NEL to require off-market retailers to register under the NER and extending certain provisions in the NEL to cover the customers of embedded network retailers.
3. Requiring installed meters to be compliant, registered and visible in the market.
4. Narrowing exemptions granted under the NERL to circumstances where costs of registration outweigh benefits to consumers.
5. Improving the AER's ability to monitor and enforce exemption conditions.
6. Requiring all authorised retailers to provide an appropriate set of consumer protections for embedded network customers.

The proposed changes would apply only to new embedded networks. However, the AEMC seeks feedback on the extent to which existing embedded networks should be transitioned into the new regime.

Stakeholders are invited to provide feedback on the draft changes to AEMO by 14 March 2019. The AEMC also plans to hold a workshop to discuss the report with stakeholders. A final report will be published mid-2019. 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:

NER	National Electricity Rules	NEM	National Electricity Market
NERR	National Energy Retail Rules	AER	Australian Energy Regulator
NGR	National Gas Rules	DNSP	Distribution Network Service Provider
AEMC	Australian Energy Market Commission	TNSP	Transmission Network Service Provider
NECF	National Energy Customer Framework	NSP	Network Service Provider
AEMO	Australian Energy Market Operator	COAG	Council of Australian Governments
ESB	Energy Security Board	DER	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					
Bill contents – customers with interval meters	Mr Craig Whybrow	31 January 2019	Consultation on request for rule change	28 February 2018	<p>This rule change request by Mr Craig Whybrow seeks to amend the NERR so that energy retailers include meter reading start and end values on bills for all customers with advanced interval meters. Currently, the NERR requires retailers to include the values of meter readings at the start and end of the billing period but includes a transitional provision permitting retailers not to display these values for interval meter customers if the metering data is not reasonably available. Mr Whybrow's proposed rule change would remove this transitional provision.</p> <p>On 31 January 2019, the AEMC published a consultation paper on this rule change request. Submissions on this paper are due on 28 February 2019.</p> <p>Read more here.</p>
Market making arrangements in the NEM	ENGIE	20 December 2018	Consultation on request for rule change	7 February 2019	<p>This rule change request by ENGIE seeks to establish a tender for voluntary market making services in the NER. 'Market making' services are services within the financial contract market that allow parties the opportunity to buy and sell contracts at a price. This rule change aims to increase liquidity and transparency in the market through a voluntary market, as opposed to a compulsory market considered in recent reports by the Energy Security Board and ACCC. ENGIE proposes a tender process run by the AER for voluntary market making services, with the AEMC reviewing its operation before each new tender period commences.</p> <p>On the 20 December 2018, the AEMC published a consultation paper on this rule change request. Submissions on this paper are due on 7 February 2019.</p> <p>Read more here.</p>

Existing rule change requests

Wholesale demand response mechanism	Public Interest Advocacy Centre, Total Environment Centre, The Australia Institute	31 August 2018	Preparation of draft determination	Deadline passed (21 December 2018)	<p>This rule change request by the Public Interest Advocacy Centre seeks to amend the NER and NERR to introduce a wholesale demand response mechanism, responding to one of the recommendations from the AEMC's recent Reliability Frameworks Review. The proposed change would create a new category of market participant, a Demand Response Service Provider (DRSP), which would submit demand response offers to the wholesale market that would be scheduled in a manner similar to bids from generators. The DSRP would receive the spot price for the reduction in demand which it would then share with its customers.</p> <p>On 15 November 2018, the AEMC published a single consultation paper covering this rule change request and two other recent requests relating to wholesale demand response (described below). Submissions on the paper were due on 21 December 2018.</p> <p>The AEMC has indicated that, given the complexity and scope of issues in these three requests, it may be necessary to extend the six month standard rule making process.</p> <p>Read more here.</p>
Wholesale Demand Response Register Mechanism	Australian Energy Council	18 October 2018	Preparation of draft determination	Deadline passed (21 December 2018)	<p>This rule change request by the Australian Energy Council also seeks to amend the NER and NERR to introduce a wholesale demand response mechanism into the NEM. The proposed change would define a new category of market participant, a Demand Response Aggregator (DRA), which would control demand response and behind-the-meter generation at a connection point. AEMO would maintain a register of the demand side capabilities of DRAs and loads registered with a DRA would participate in the spot market as a scheduled load.</p> <p>On 15 November 2018, the AEMC published a single consultation paper covering this rule change request and two other recent requests relating to wholesale demand response (described above and below). Submissions on the paper were due on 21 December 2018.</p> <p>The AEMC has indicated that, given the complexity and scope of issues in these three requests, it may be necessary to extend the six month standard rule making process.</p> <p>Read more here.</p>

Mechanisms for wholesale demand response	South Australian Minister for Energy	30 October 2018	Preparation of draft determination	Deadline passed (21 December 2018)	<p>This rule change request by the South Australian Government also seeks to amend the NER and NERR to facilitate a demand response mechanism in the wholesale electricity market. Similar to the rule change proposed by the Public Interest Advocacy Centre above, the proposed change would create a new category of market participant, a Demand Response Service Provider (DRSP), which would submit demand response bids into the wholesale market that would then be dispatched in the same manner as a scheduled generator.</p> <p>On 15 November 2018, the AEMC published a single consultation paper covering this rule change request and two other recent requests relating to wholesale demand response (described above). Submissions on the paper were due on 21 December 2018.</p> <p>The AEMC has indicated that, given the complexity and scope of issues in these three requests, it may be necessary to extend the six month standard rule making process.</p> <p>Read more here.</p>
Meter installation – advanced meter communications	Australian Energy Council	20 July 2018	Consultation on draft determination	7 February 2019	<p>This rule change request by the Australian Energy Council seeks to amend the NER to allow metering coordinators to deactivate the remote communications capability on <i>already installed</i> type 4 meters at the request of a small customer. At present, the metering coordinator may only deactivate this capability in response to a small customer's request <i>before installation</i>.</p> <p>On 20 December 2018 the AEMC published a draft determination and a more preferable draft rule. This draft rule includes a requirement that small customers be informed of the cost and practical implications of deactivating the remote communications capability on their type 4 meter before the metering coordinator can accept their request. Submissions on the draft determination and draft rule are due by 7 February 2019 with the final rule expected to be published on 21 March 2019.</p> <p>Read more here.</p>
Enhancement to the Reliability and Emergency Reserve Trader	AEMO	9 March 2018	Preparation of draft determination	Deadline passed (29 November 2018)	<p>AEMO submitted a rule change request to the AEMC proposing broad changes to the design of the Reliability and Emergency Reserve Trader (RERT) 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.</p> <p>On 21 June 2018, the AEMC issued a consultation paper on the rule change</p>

					request with an options paper following on 18 October 2018. Submissions on the options papers were due by 29 November 2018. The AEMC is expected to publish a draft determination shortly.
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Rule Changes: recent and not yet commenced

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations since last Update				
Global Settlement and Market Reconciliation	13 December 2018 6 February 2022	NER 2018 No. 14	6 December 2018	<p>This AEMO-initiated rule change introduces a new framework for settling the demand side of the wholesale National Electricity Market, using a 'global settlement' framework instead of the current 'settlement by differencing' approach.</p> <p>The rule adopts a soft start of global settlement on 1 July 2021 alongside the full commencement of five minute settlement (described below). The full commencement of global settlement will be on 6 February 2022.</p> <p>For more information, see here.</p>
Metering installation timeframes	1 February 2019	NER 2018 No. 15 NERR 2018 No. 7	6 December 2018	<p>This rule 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.</p> <p>The rule change requires that retailers install meters by a date agreed with the customer, or otherwise within 6 business days at a new connection or within 15 business days for a simple meter exchange. The final rule also includes a number of changes to the requirements for meter installation in other circumstances, for repairing faulty meters and for notifying customers of planned interruptions.</p> <p>The new rule commenced on 1 February 2019.</p> <p>For more information, see here.</p>
Other rules not yet commenced				
Participant compensation following market suspension	22 November 2018 20 December 2018 1 July 2021	NER 2018 No. 13	15 November 2018	<p>This rule establishes a framework for the compensation of market participants who suffer loss due to pricing during market suspension. The purpose of the change is to encourage participants to keep the power system operating during periods of market suspension instead of waiting for direction from AEMO.</p> <p>For more information, see here.</p>
Five Minute Settlement	19 December 2017 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</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>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 types 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, respectively, will need to provide five minute data.</p> <p>The rule provides for a transition period starting on 19 December 2017 and coming into full effect on 1 July 2021.</p> <p>For more information, see here.</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					
Northern Gas Pipeline – Derogation from Part 23	Environmental Justice Australia, Institute for Energy Economics and Financial Analysis	18 July 2018	Consultation on request for rule change	Deadline passed (13 December 2018)	<p>This rule change request would revoke the derogation in the National Gas Rules that exempts the Northern Gas Pipeline (NGP) from the framework for arbitration and information disclosure. The NGP is being developed by Jemena between the Northern Territory and Queensland with the derogation running for 15 years. The proponents contend that the derogation allows Jemena to set tariffs for the NGP without adequate oversight, results in an information asymmetry and produces an unregulated monopoly.</p> <p>The AEMC has published a consultation paper seeking stakeholder feedback on the proposed revocation of the NGP derogation. Submissions on the paper were due by 13 December 2018.</p> <p>For more information, see here.</p>
Regulation of covered pipelines	COAG Energy Council	1 November 2018	Publication of draft determination	Deadline passed (31 January 2019)	<p>This rule change request seeks to implement a number of recommendations from the AEMC's recent review into the scope of economic regulation applied to covered pipelines. The changes are designed to help gas pipeline users negotiate better deals by improving market information, supporting effective negotiations and improving access to covered pipelines. It is also intended that the changes will assist regulators to make more informed decisions on reference services, access arrangements and efficient allocation of costs.</p> <p>On 6 December 2018, the AEMC published a draft rule determination for this change. Submissions on the draft determination closed on 31 January 2019.</p>

Rule Name	Proponent	Lodgement Date	Stage	Deadline for Submissions	Summary of Request
					<p>The rule change request has been fast tracked so a final determination is expected by April 2019.</p> <p>For more information, see here.</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 final rule determinations.				
Other rules not yet commenced				
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 Stage One Final Report 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 (1 April 2021) has been set to coincide with the expected completion of the integration of the east coast gas markets.</p> <p>For more information, see here.</p>

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