



National Electricity and Gas Rules Update 2019

February 2019 | Rule changes as at 1 March 2019

National Electricity Rules

There was one new rule change request made since the last Update which seeks to amend the NER to streamline regulatory processes for the new South Australia-New South Wales interconnector, as well as alternative non-network solution options.

There were no new final determinations and no draft determinations published since the last Update.

National Energy Retail Rules

There were no new rule change requests made since the last Update.

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

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

National Gas Rules

There was one new rule change request made since the last Update which seeks to implement changes to the NGR to exempt LNG related facilities in the Northern Territory from having to be registered as Bulletin Board participants, which would require them to report information on their operations on an ongoing basis.

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

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

Opportunities for Stakeholders

NERR – Submissions on the consultation paper regarding the request amend the NER to streamline regulatory processes for the new South Australia-New South Wales interconnector exempt LNG related facilities in the Northern Territory from having to be registered as Bulletin Board participants are due on 21 March 2019. Submissions on the draft rule changing the design of the Reliability and Emergency Reserve Trader are also due on 21 March 2019.

NGR – Submissions on the consultation papers regarding the request exempt LNG related facilities in the Northern Territory from having to be registered as Bulletin Board participants are due on 14 March 2019.

Energy Reform

On 25 February 2019, the ACCC released a consultation paper on the approach for implementing the consumer data right (**CDR**) in the energy sector.

The CDR will allow customers to access certain data relating to their energy consumption held by companies in the energy sector, and authorise that information to be transferred to accredited third parties. For example, it may enable a customer to direct their electricity retailer to transfer data to a competing retailer for the purpose of easily comparing deals and switching between these service providers.

It is intended that the CDR will be implemented in the energy sector in the first half of 2020.

The ACCC's consultation paper sets out three possible data access models for consideration:

1. AEMO centralised model – AEMO would be responsible for collecting data from data holders, holding that data centrally, and making the data accessible to data recipients on request by a customer.
2. AEMO gateway model – AEMO would act as a centralised pipeline. It would receive requests for data access or transfer and pass these on to the relevant data holders, who would then verify the consent of the customer and the data recipient. AEMO would then be responsible for collecting the data from the data holder and making it available to the data recipient.
3. Economy-wide CDR model – Data holders would be directly responsible for transferring data to data recipients on request by a customer, with no involvement by AEMO.

The ACCC is seeking stakeholder views on the advantages and disadvantages of each model, the criteria that should be used to determine the preferred model, and the likely implementation and compliance costs of each model. Submissions are due by 22 March 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

For further information please contact:



Andrew Mansour

Partner
Sydney
T +61 2 9230 4552
Andrew.Mansour@allens.com.au



Anna Collyer

Partner
Melbourne
T +61 3 9613 8650
Anna.Collyer@allens.com.au



John Greig

Partner
Brisbane
T +61 7 3334 3358
John.Greig@allens.com.au



Andrew Pascoe

Partner
Perth
T +61 8 9488 3741
Andrew.Pascoe@allens.com.au

➤ 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					
ISP priority projects – SA Energy Transformation	Dr Kerry Schott AO	14 February 2019	Consultation on rule change request	21 March 2019	<p>This rule change request by Dr Kerry Schott, Chair of the ESB, seeks to amend the NER to streamline regulatory processes for the new South Australia-New South Wales (SA/NSW) interconnector (Project EnergyConnect), as well as alternative non-network solution options.</p> <p>The rules change request proposes that the following two processes be conducted by the AER after completion of the South Australia Energy Transformation regulatory investment test for transmission (RIT-T) concurrently, rather than sequentially (as is currently required in the NER):</p> <ul style="list-style-type: none"> the AER's analysis of the preferred option for investment identified in the RIT-T; and the application for, and assessment of, the revenue allowance for the QNI and VNI projects as contingent projects. <p>Unlike Dr Schott's other rule change request, <i>Early implementation of ISP priority projects</i> (see below), this request does not propose to allow the TNSP to submit a request to the AER for a preferred option assessment during the 30 day period in which a person can dispute the conclusions reached in the RIT-T.</p> <p>The AEMC has decided to use an expedited process to consider the request, however requests not to use the expedited process may be lodged by 7 March 2019. On 21 February 2019 the AEMC published a consultation paper on this rule change request. Submissions on this paper are due on 21 March 2019.</p> <p>Read more here.</p>

Existing rule change requests

Bill contents – customers with interval meters	Mr Craig Whybrow	31 January 2019	Preparation of draft determination	Deadline passed (28 February 2019)	<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 were due on 28 February 2019.</p> <p>Read more here.</p>
Early implementation of ISP priority projects	Dr Kerry Schott AO	21 December 2018	Preparation of draft determination	Deadline passed (21 February 2019)	<p>This rule change request by Dr Kerry Schott, Chair of the ESB, seeks to amend the NER to streamline regulatory processes for minor upgrades to the Queensland-New South Wales interconnector (QNI) and the Victoria-New South Wales Interconnector (VNI). The AEMO, in its 2018 integrated system plan (ISP), identified these projects as being urgently required.</p> <p>The rules change request proposes that the following three processes be conducted by the AER after completion of the regulatory investment test for transmission (RIT-T) concurrently, rather than sequentially (as is currently required in the NER):</p> <ul style="list-style-type: none"> the period for notification of disputes in relation to the RIT-T; the AER's analysis of the preferred investment option identified in the RIT-T; and the application for, and assessment of, the revenue allowance for the QNI and VNI projects as contingent projects. <p>On 24 January 2019, the AEMC published a consultation paper on this rule change request. Submissions on the paper were due on 21 February 2019.</p> <p>Read more here.</p>
Market making arrangements in the NEM	ENGIE	20 December 2018	Preparation of draft determination	Deadline passed (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</p>

					<p>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 were due on 7 February 2019.</p> <p>Read more here.</p>
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	Preparation of final determination	Deadline passed (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 included 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 were due by 7 February 2019 with the final rule expected to be published by 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	21 March 2019	<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 7 February 2019 the AEMC published a draft determination and a more preferable draft rule. The draft rule will allow AEMO to procure emergency reserves for the 2019-20 summer, if needed. Submissions on the draft determination and the draft rule are due by 21 March 2019 with the final rule expected to be published by 2 May 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				
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).</p> <p>For more information, see here.</p>
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 financial settlement periods, with a view to encouraging contestability of demand response technology and improving incentives for more efficient generation. 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					
NT Emergency Gas Supply Arrangements	Northern Territory Government	November 2018	Consultation on rule change request	14 March 2019	<p>This rule change request by the Northern Territory Government seeks to implement changes to the NGR to exempt LNG related facilities in the Northern Territory (NT) from having to be registered as Bulletin Board participants, which would require them to report information on their operations on an ongoing basis. The Government seeks this exemption on the basis that the circumstances surrounding NT LNG producers are unique and therefore demand different treatment from those in the rest of east coast gas markets</p> <p>The AEMC has published a consultation paper seeking stakeholder feedback on the rule change request. Submissions on the paper are due on 14 March 2019.</p> <p>For more information, see here.</p>
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 draft determination	4 April 2019	<p>This proposed rule change 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 draft determination which explains its decision not to make the proposed rule. It is seeking stakeholder feedback in response to this determination with submissions due by 4 April 2019. The AEMC is expected to publish its final rule determination in</p>

Rule Name	Proponent	Lodgement Date	Stage	Deadline for Submissions	Summary of Request
					May 2019. For more information, see here .
Regulation of covered pipelines	COAG Energy Council	1 November 2018	Preparation of final 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> <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>

Disclaimer

The content of this document is intended only to provide a summary and general overview on matters of interest. It is not intended to be comprehensive nor does it constitute legal advice. We attempt to ensure the content is current but we do not guarantee its currency. You should seek legal or other professional advice before acting or relying on any of the content.

Allens is not responsible to you or anyone else for any loss suffered in connection with the use of this document.

Allens makes no warranties or representations about this document or any of its content. We exclude, to the maximum extent permitted by law, any liability which may arise as a result of the content of this document.

Where liability cannot be excluded, any liability incurred by us in relation to the content of this document is limited as provided under the *Competition and Consumer Act 2010* (Cth) (Schedule 2, s 64A). We will never be liable for any indirect, incidental, special or consequential loss arising out of the use of this document, including loss of business profits.

Unless otherwise indicated, Allens owns the copyright in the content of this document. Some of the copyright in the content may be owned by someone else and is included on our website under a licence or agreement.

You may only use the content of this document for non-commercial or personal use unless you have prior written approval from us. You may print out any content of this document for personal use. All other use, copying or reproduction of this document or any part of it is prohibited (except to the extent permitted by law). None of the content or any part of it may be reproduced on any internet website.

If you seek to reproduce or otherwise use the content in any way it is your responsibility to obtain approval for such use where necessary.