



National Electricity and Gas Rules Update 2019

June 2019 | Rule changes as at 1 July 2019

National Electricity Rules

There have been three new rule change requests. One request seeks to amend the NER to assist in the effective implementation of the 'five minute settlement' and 'global settlement'. The other two requests, which have been consolidated, seek to: (i) redistribute the allocation of the intra-regional settlement residue (IRSR) equally between generators and network users; and (ii) introduce an 'average loss factor' calculation for the marginal loss factor (MLF).

There has been one new draft determination relating to market making arrangements in the NEM.

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

National Energy Retail Rules

There have been no new rule change requests, draft determinations or final determinations since the last Update.

National Gas Rules

There have been no new rule change requests, draft determinations or final determinations since the last Update.

Opportunities for Stakeholders

NER – Submissions on the consolidated rule change request regarding monitoring and reporting on the frequency control framework.

Energy Reform

On 1 July 2019, the Retailer Reliability Obligation (**RRO**) came into operation. The RRO was developed to address any forecast energy shortfalls over the next decade and is designed to support the reliability of electricity supply in the NEM by incentivising retailers and certain large energy users to contract or invest in dispatchable and 'on demand' energy resources. Key features of the RRO include:

- AEMO will identify any potential reliability gaps in each NEM region over the next five years. If any material gaps are identified three years and three months prior to the gap being forecast to occur, AEMO may apply to the AER to trigger the RRO. In South Australia, the RRO can also be triggered by the South Australian Energy Minister;
- when the RRO is triggered, market customers (such as retailers and utility-scale battery facilities) as 'liable entities' are on notice to enter into sufficient qualifying contracts to cover their share of a one-in-two year peak demand;
- where the market response is insufficient and the AER confirms a reliability gap a year in advance, liable entities must disclose their contract positions to the AER and AEMO may commence procurement of emergency reserves; and
- where a liable entity's required share of load is not covered by qualifying contracts, the entity is deemed non-compliant and will be required to pay a portion of costs for the Procurer of Last Resort (up to an individual maximum of \$100 million). The AER will also be able to pursue civil penalties for failures to comply.

The 2019 Electricity Statement of Opportunities will be published in July 2019, and will be the first report that can be used to trigger the RRO. The AER and AEMO are also consulting on interim and final guidelines to support the implementation of the RRO.

Further information is available in the COAG Energy Council bulletin that can be found [here](#) and on our Energy Reform Hub website [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:

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

Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests					
5 minute settlement and global settlement implementation	AEMO	13 June 2019	Consultation on rule change request	11 July 2019	<p>This rule change request seeks to amend the NER to assist in implementing the five minute settlement and global settlement efficiently and effectively. For context:</p> <ul style="list-style-type: none"> The five minute settlement rule change is due to commence on 1 July 2021. AEMO and NEM participants must make changes prior to the commencement date such as upgrading metering to provide the required data and updating IT systems to store and process the required data. The global settlement rule is due to commence on 6 February 2022. This rule change provides that every retailer is billed for the loss-adjusted metered electricity that is consumed within their area by customers. Currently, only the local retailer is billed for this. <p>In order to assist in the implementation of these rule changes, AEMO has identified nine areas of the NER that will need to be amended. These nine areas have been broadly described by the AEMC as:</p> <ul style="list-style-type: none"> whole sale market operations for five minute settlement; clarifying global settlement; and information provision. <p>On 13 June, the AEMC published a consultation paper on this rule change request. Submissions on the consultation paper are due 11 July 2019.</p> <p>Read more here.</p>
Transmission loss factors	Adani Renewables	06 June 2019	Consultation on rule change request	18 July 2019	<p>This rule change request has been consolidated with another request by Adani Renewables regarding loss factor frameworks (below). They are being considered as a single request under a single name.</p> <p>The consolidated rule change request seeks to amend the NER in order to:</p> <ul style="list-style-type: none"> redistribute the allocation of the intra-regional settlement residue (IRSR) so it applies equally between generators and networks users; and change the calculation methodology for the marginal loss factor (MLF) to an

					<p>average loss factor methodology.</p> <p>Adani contends that generators and transmission network customers should share the ISRS due to issues with accuracy in the calculations of the loss factors. If generators share the ISRS, then the distribution of funds would result in less losses for generators, more competitive generation bidding and lower prices for customers.</p> <p>Similarly, in relation to the MLF calculating methodology, Adani contends that it is 'outdated and no longer fit for purpose' due to high inaccuracies.</p> <p>On 6 June 2019, the AEMC published a consultation paper on this rule change request. Additionally, the AEMC is holding a workshop for stakeholders on the operation of the transmission loss framework on 4 July 2019. Submissions on the consultation paper are due 18 July 2019.</p> <p>Read more here.</p>
Loss factor frameworks	Adani Renewables	06 June 2019	Consultation on rule change request	18 July 2019	<p>This rule change request has been consolidated with another request by Adani Renewables regarding Transmission loss factors (above). They are being considered as a single request under a single name.</p> <p>For details refer to Transmission loss factors rule change request (above).</p> <p>Read more here.</p>
Existing rule change requests					
Monitoring and reporting on frequency control framework	AEMO	30 May 2019	Preparation of final determination	Deadline passed (27 June 2019)	<p>This rule change request has been consolidated with a rule request to require the AER to report quarterly on the performance of frequency control ancillary services (FCAS) markets (below). They are being considered as a single request under a single name.</p> <p>In July 2018 the AEMC delivered its report on the Frequency control frameworks review. The report concluded that there is a lack of transparency regarding:</p> <ul style="list-style-type: none"> the frequency performance of the power system under normal operating conditions; and the general performance of the FCAS markets. <p>To address this lack of transparency, the report recommended the establishment of ongoing reporting requirements.</p> <p>Under the proposed rule, AEMO would be required to report on frequency and</p>

					<p>frequency control performance. Reporting is intended to increase certainty, provide information to relevant parties, and provide the market with a greater understanding of the need for and impact of any changes made to address frequency control concerns.</p> <p>Similarly, under the proposed rule, the AER would be required to report on FCAS market outcomes in response to the growing proportion of non-synchronous generation capacity.</p> <p>Under the proposed rule, the AER would be required to a publish a report that includes:</p> <ul style="list-style-type: none"> • the total costs of FCAS; • volumes, prices, number of participants for each FCAS markets and the technology type of each participant; and • commentary on key trends. <p>On 30 May 2019, the AEMC published a consultation paper on this consolidated rule change request. Submissions on these consultation paper were due 27 June 2019.</p> <p>Read more here.</p>
Monitoring and reporting on frequency control framework	AER	30 May 2019	Preparation of final determination	Deadline passed (27 June 2019)	<p>This rule change request has been consolidated with a request by AEMO to establish ongoing reporting requirements on AEMO relating to frequency and frequency control performance. They are being considered as a single request under a single name.</p> <p>For details refer to Monitoring and reporting on frequency control framework (above).</p> <p>Read more here.</p>
Transparency of new projects	Australian Energy Council, AEMO, Energy Networks Australia	18 April 2019	Preparation of draft determination	Deadline passed (23 May 2019)	<p>On 18 April 2019, the AEMC consolidated this rule change request with the 'NEM information for project developers' and the 'TNSP exemptions from confidentiality requirements' rule change requests (below). They are being considered as a single request.</p> <p>These rule change requests seek to amend the NER to increase the transparency of new generation projects. The requests propose to:</p> <ul style="list-style-type: none"> • codify AEMO's generation information page which reports on generation

					<p>projects in the NEM;</p> <ul style="list-style-type: none"> require intending participants to notify AEMO of any changes to information it has provided during the registration process in order to ensure that AEMO has the most accurate and up to date data on new projects; allow AEMO to disclose confidential information where that information exists in the public domain; allow TNSPs to publish information (the name, size, location, estimated completion date, primary technology and broad function) of a connection enquiry or application in order to coordinate connections by TNSPs and increase efficiency; and allow developers to register as intending participants for the purposes of building a grid-scale generating system or an industrial development in order to allow for necessary system information to be disclosed by AEMO, even if the developer is not intending to register as a market participant and will sell the project prior to connection to the grid. <p>On 18 April 2019, the AEMC published a consultation paper on this consolidated rule change request. Submissions on these proposed changes were due 23 May 2019.</p> <p>Read more here.</p>
NEM information for project developers	AEMO	31 December 2018	Preparation of draft determination	Deadline passed (23 May 2019)	<p>On 18 April 2019, the AEMC consolidated this rule change request with the 'Transparency of new projects' rule change request. They are being considered as a single request.</p> <p>For details, refer to 'Transparency of new projects' (above).</p> <p>Read more here.</p>
TNSP exemptions from confidentiality requirements	Energy Networks Australia	15 March 2019	Preparation of draft determination	Deadline passed (23 May 2019)	<p>On 18 April 2019, the AEMC consolidated this rule change request with the 'Transparency of new projects' rule change request. They are being considered as a single request.</p> <p>For details, refer to 'Transparency of new projects' (above).</p> <p>Read more here.</p>
Short term forward market	AEMO	11 April 2019	Preparation of draft determination	Deadline passed (23 May 2019)	<p>This rule change request seeks to amend the NER to introduce a voluntary short term forward market (STFM) that would allow participants to contract for electricity in the week leading up to dispatch. This request is based on the AEMC's recommendation in the 2018 Reliability Frameworks Review.</p>

					<p>The introduction of the STFM seeks to give participants more price certainty and enable greater levels of demand side response.</p> <p>The STFM would function as follows:</p> <ul style="list-style-type: none"> • AEMO would be the market operator; • the STFM would operate alongside the NEM; • the market would involve the trade of standardised short term electricity contracts on a daily basis between participants; • trading would take place on a rolling basis from a day ahead of the trading day and up to seven days in advance; and • participation would be voluntary. <p>On 11 April 2019, the AEMC published a consultation paper on this rule change request. Submissions on these proposed changes were due 23 May 2019.</p> <p>Read more here.</p>
Application of the Regional Reference Node Test to the Reliability and Emergency Reserve Trader	AEMO	4 April 2019	Preparation of draft determination	Deadline passed (16 May 2019)	<p>This rule change request seeks to require that AEMO apply the regional reference node test (RRN test) to the Reliability and Emergency Reserve Trader (RERT).</p> <p>Currently, the RRN test is only used to determine whether to apply intervention pricing when a direction is issued. Directions are used to address issues with signal strength and the RRN test asks if the issue that created the need for the direction is region-wide or localised. Intervention pricing will only apply where the issue is region-wide. Intervention pricing preserves the price signals that would have been seen but for the intervention.</p> <p>The RERT is another form of intervention designed to maintain adequate system strength. AEMO proposes to extend the application of the RRN test to apply to the RERT. Accordingly, where the RERT is activated, the application of the RRN test would mean that intervention pricing could only apply if the issue is region-wide.</p> <p>In addition, the request seeks to amend the wording of NER to improve the clarity of the RRN test.</p> <p>This request is being considered as part of the AEMC's investigation into intervention mechanisms and system strength in the NEM. For more information see here.</p> <p>On 4 April 2019, the AEMC published a consultation paper on this investigation.</p>

					<p>Submissions on the consultation paper were due 16 May 2019.</p> <p>Read more here.</p>
Threshold for participant compensation following market intervention	AEMO	4 April 2019	Preparation of draft determination	Deadline passed (16 May 2019)	<p>This rule change request seeks to amend the NER to vary the application of the threshold that applies to compensation payable following an intervention event. AEMO proposes that the threshold should apply to an intervention event period as opposed to a trading interval.</p> <p>There is currently a \$5000 threshold which applies per trading interval for compensation adjustments and claims made that are made by affected participants and directed participants. In the event that there is a long intervention event, the compensation amount could exceed \$5000 but not meet the \$5000 threshold for a trading interval. In recognition of this, it is proposed that the threshold should apply to an intervention event as opposed to a trading interval.</p> <p>This request is being considered as part of the AEMC's investigation into intervention mechanisms and system strength in the NEM For more information see here.</p> <p>On 4 April 2019, the AEMC published a consultation paper on this investigation. Submissions on the consultation paper were due 16 May 2019.</p> <p>Read more here.</p>
Bill contents – customers with interval meters	Mr Craig Whybrow	31 January 2019	Preparation of final determination	Deadline passed (30 May 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 18 April 2019, the AEMC published a draft determination on the rule change request and decided not to make the draft rule. The AEMC's analysis indicated that the rule change is not beneficial to customers and that the issue raised by the rule change request was not material enough to make the proposed change. Submissions on this draft determination were due 30 May 2019.</p> <p>Read more here.</p>

Market making arrangements in the NEM	ENGIE	20 December 2018	Consultation on draft determination	8 August 2019	<p>This rule change request by ENGIE seeks to establish a tender for voluntary market making services in the NEM. 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>The AEMC published a draft determination on 27 June 2019. Submissions on the draft determination are due 8 August 2019.</p> <p>Read more here.</p>
Wholesale demand response mechanism	Public Interest Advocacy Centre, Total Environment Centre, The Australia Institute	15 November 2018	Preparation of draft determination	Deadline passed (21 December 2018)	<p>This rule change request 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 (DSRP), 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).</p> <p>Submissions on the paper were due 21 December 2018. Draft determination is to be published on 18 July 2019.</p> <p>Read more here.</p>
Wholesale demand response register mechanism	Australian Energy Council	15 November 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).</p> <p>Submissions on the paper were due 21 December 2018. Draft determination is to be published on 18 July 2019.</p> <p>Read more here.</p>
Mechanisms for wholesale demand response	South Australian Minister for Energy	15 November 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 and others 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).</p> <p>Submissions on the paper were due 21 December 2018. Draft determination is to be published on 18 July 2019.</p> <p>Read more 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 since last Update.				
Other rules not yet commenced				
Intervention compensation and settlement processes	30 May 2019 21 July 2021	NER 2019 No. 5	30 May 2019	<p>This rule amends the NER to improve the administrative processes relating to compensation and settlements after AEMO interventions, and to ensure that the respective timetables are aligned. This is a consolidated rule change request that incorporates two rule change requests by AEMO.</p> <p>The new rule amends the administrative processes for compensation and settlement by:</p> <ul style="list-style-type: none"> • increasing the deadline for additional compensation claims from seven business days to 15 business days; • inserting a deadline of 15 business days for additional compensation claims by directed parties; • amending the compensation process to refer to 20 and 30 week routine revised statements instead of referring to business days in order to ensure consistency with the settlement process; • aligning the compensation timetable for all interventions with the settlement table. <p>In addition, Schedule 2 of the final rule adds a minor terminology change for consistency with the commencement of the five-minute settlement. Schedule 2 commences on 21 July 2021. The remaining substantive provisions of the rule commenced on 30 May 2019.</p> <p>Read more here.</p>
Enhancement to the Reliability and Emergency Reserve Trader	31 October 2019	NER 2019 No. 3	2 May 2019	<p>This rule enhances the flexibility for AEMO to procure emergency reserves in response to extreme weather events, while recognising the need to minimise the direct and indirect costs of the reliability and emergency reserve trader (RERT).</p> <p>This rule minimises costs of the RERT by:</p> <ul style="list-style-type: none"> • linking the RERT procurement trigger and volume to the reliability standard –

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>this enhances transparency to market participants regarding how and when RERT will be used;</p> <ul style="list-style-type: none"> • increasing the procurement lead time to 12 months – this expands the number of RERT providers which pushes down the cost of emergency reserves for consumers; • clarifying the out-of-market provisions – this enables reliability to be delivered at a lower cost to consumers; • assigning, where possible, the cost of emergency reserves to customers who caused the need for the RERT; and • increasing transparency and reporting. <p>This rule does not change the reliability standard.</p> <p>Read more here.</p>
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 NEM, using a 'global settlement' framework instead of the current 'settlement by difference' 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). Global settlement will fully commence on 6 February 2022.</p> <p>Read more 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>Read more 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</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>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, have been required 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>Read more here.</p>

➤ National Gas Rules

Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests since last Update					
No new rule change requests.					
Existing rule change requests					
Application of constraints in the declared transmission system	AEMO (on behalf of EnergyAustralia)	14 March 2019	Preparation of draft determination	Deadline passed (26 April 2019)	<p>On 14 March 2019, the AEMC consolidated this rule change request with the 'DWGM simpler wholesale price' rule change request. They are now being considered as a single rule change request.</p> <p>For details, refer to 'DWGM simpler wholesale price' (below).</p> <p>Read more here.</p>
DWGM simpler wholesale price	Victorian Minister for Energy, Environment and Climate Change	14 March 2019	Preparation of draft determination	Deadline passed (26 April 2019)	<p>On 14 March 2019, the AEMC consolidated this rule change request with the 'Application of constraints in the declared transmission system' rule change request (above). They are now being considered as a single rule change request.</p> <p>This consolidated rule change request seeks to simplify wholesale gas prices for the Victorian Declared Wholesale Gas Market (DWGM) by amending the NGR to:</p> <ul style="list-style-type: none"> change the method for recovering congestion uplift payments (by replacing the current cost to cause methodology with a pro rata method for spreading the payments across market participants); decouple the cost of congestion from the authorised maximum daily quantity (ADMQ) regime, which will assist in simplifying current market processes; and enable physical constraints on scheduled withdrawals to be represented in AEMO's pricing schedule. <p>AEMO and the Minister seek these changes to uplift payments on the basis that the current methodology for calculating these payments is acting as a barrier to effective risk management and trade due to the current regime's complexity and ineffective allocation of cost and risk.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>The AEMC published a consultation paper seeking stakeholder feedback on the rule change request. Submissions on the paper were due 26 April 2019.</p> <p>The AEMC is considering this rule change request in conjunction with the 'DWGM improvement to ADMQ regime' and 'DWGM forward trading market' rule change requests (see below).</p> <p>The AEMC held a public workshop on 16 May 2019 on the three rule change requests that relate to the Victorian DWGM. Slides from the workshop are available here.</p> <p>On 13 June 2019, the AEMC extended the period of time to make the draft determination to 5 September 2019.</p> <p>Read more here.</p>
DWGM forward trading market	Victorian Minister for Energy, Environment and Climate Change	14 March 2019	Preparation of draft determination	Deadline passed (26 April 2019)	<p>This rule change request seeks to establish a forward trading market over the declared transmission system in Victoria, which will make it easier for participants to manage spot price variability by securing fixed forward gas prices in the Victorian Declared Wholesale Gas Market (DWGM).</p> <p>Amongst other matters, the proposed market would:</p> <ul style="list-style-type: none"> • operate as a voluntary, anonymous gas trading exchange; • facilitate the trading of forward contracts for gas products; • be based on the design of the Gas Supply Hubs currently operating in Wallumbilla and Moomba; and • offer a range of contract tenures (e.g. daily, monthly, seasonal). <p>Currently the DWGM allows market participants to make agreements outside of the DWGM in order to hedge against price risk exposure in the spot market, however it does not facilitate the negotiations of these agreements formally. The rationale for this rule change request is that a formalised trading platform would decrease the transaction time and costs required to negotiate these agreements and increase transparency of the reference price.</p> <p>The AEMC published a consultation paper seeking stakeholder feedback on the rule change request. Submissions on the paper were due 26 April 2019.</p> <p>The AEMC is considering this rule change request in conjunction with the 'DWGM</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>simpler wholesale price' and 'DWGM improvement to ADMQ regime' rule change requests (see above).</p> <p>The AEMC held a public workshop on 16 May 2019 on the three rule change requests that relate to the Victorian DWGM. Slides from the workshop are available here.</p> <p>This request is to be assessed separately to, but concurrently with, the DWGM simpler wholesale price rule change request (above). The draft determination is due to be published on 5 September 2019.</p> <p>Read more here.</p>
DWGM improvement to AMDQ regime	Victorian Minister for Energy, Environment and Climate Change	14 March 2019	Preparation of draft determination	Deadline passed (26 April 2019)	<p>This rule change request seeks to improve the Authorised Maximum Daily Quantity (AMDQ) regime by making it easier for participants to trade and allocate pipeline capacity rights in the Victorian Declared Wholesale Gas Market (DWGM).</p> <p>Based on the AEMC's recommendations as set out in its final report of the DWGM Review, the request seeks to:</p> <ul style="list-style-type: none"> • introduce separate, tradeable entry and exit AMDQ rights; • introduce an exchange to improve secondary trading of AMDQ rights and benefits; and • make AMDQ available for a range of different tenures. <p>The Minister seeks this rule change on the basis that the existing AMDQ regime is overly complex, does not provide firm capacity rights and creates a number of restrictions on the ability of market participants to trade AMDQ.</p> <p>The AEMC published a consultation paper seeking stakeholder feedback on the rule change request. Submissions on the paper were due 26 April 2019.</p> <p>The AEMC is considering this rule change request in conjunction with the 'DWGM simpler wholesale price' and 'DWGM improvement to ADMQ regime' rule change requests (see above and below).</p> <p>The AEMC is holding a public workshop in Melbourne on 16 May 2019 on the three rule change requests that relate to the Victorian DWGM. Stakeholders must register by 6 May 2019. See here.</p> <p>This request is to be assessed separately to, but concurrently with, the DWGM</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>simpler wholesale price rule change request (above). Draft determination is therefore due to be published 5 September 2019.</p> <p>Read more here.</p>
NT Emergency Gas Supply Arrangements	Northern Territory Government	7 February 2019	Consultation on draft determination	4 July 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. This registration requires that LNG related facilities report information on their operations on an ongoing basis.</p> <p>The Government seeks this exemption on the basis that the circumstances surrounding NT LNG producers are unique and therefore demand different treatment to producers in the rest of the east coast gas markets. In particular, the Government is concerned that the reporting obligations may deter NT LNG facilities from providing emergency back up gas supply to the domestic market.</p> <p>The AEMC published a draft determination on 23 May 2019 which contains a more preferable draft rule. The draft rule provides NT LNG producers with exemptions from reporting requirements under the Bulletin Board rules in the event that gas flow occurs for the purposes of emergency back-up supply. Submissions on the draft determination are due 4 July 2019.</p> <p>Read more here.</p>
Northern Gas Pipeline – Derogation from Part 23	Environmental Justice Australia, Institute for Energy Economics and Financial Analysis	15 November 2018	Preparation of final determination	Deadline passed (23 May 2019)	<p>This proposed rule change would revoke the derogation in the NGR 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.</p> <p>The proponents contend that the derogation allows Jemena to set tariffs for the NGP without adequate oversight and that this results in an information asymmetry, producing an unregulated monopoly.</p> <p>The AEMC published a draft determination which explains its decision not to make the proposed rule, and stakeholder feedback in response to this determination was due 4 April 2019. However, in response to a request by the proponents, the AEMC held a hearing at its offices on 7 May 2019, and invited submissions on issues</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>raised at the hearing. Submissions in relation to issues raised at the hearing were due 23 May 2019. A transcript of the hearing is available here.</p> <p>The final determination is to be published 4 July 2019.</p> <p>Read more 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 since last Update.				
Other rules not yet commenced				
Recognition of exempt sellers in retail market	8 August 2019	NGR 2019 No. 2	18 April 2019	<p>This rule enables exempt sellers of gas to participate in various retail gas markets by registering them under the NGR as either:</p> <ul style="list-style-type: none"> a self-contracting user (if they are selling gas to a related business); or a retailer (if they are selling gas to an unrelated business). <p>Read more here.</p>
Regulation of covered pipelines	21 March 2019 21 April 2019 21 June 2019 21 July 2019	NGR 2019 No. 1	14 March 2019	<p>The rules improve information disclosure, support more effective negotiation and improve access by pipeline users to covered pipelines. Specifics include:</p> <ul style="list-style-type: none"> a new process for determining which services will have reference tariffs (the price that pipeline operators can charge their customers) set by the regulator; clarify how regulators calculate costs so reference tariffs can be set at more efficient levels; strengthen reporting obligations to support more balanced negotiations (i.e. pipeline owners will be required to provide more relevant, timely and accessible information for pipeline users through the Natural Gas Bulletin Board or on their websites); give stakeholders more input into the regulator's decisions; and set a clear trigger for pipeline users to start arbitration if negotiations fail.

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				Read more here .
Gas day harmonisation (revoked and replaced with the National Gas (Capacity Trading and Auctions) Amendment Rule 2018)	1 October 2019	NGR 2017 No. 2 (revoked and replaced with the National Gas (Capacity Trading and Auctions) Amendment Rule 2018)	16 February 2017 (revoked and replaced with the National Gas (Capacity Trading and Auctions) Amendment Rule 2018)	<p>The 'gas day harmonisation rule' has been revoked and replaced with the National Gas (Capacity Trading and Auctions) Amendment Rule 2018 (Amendment Rule). The Amendment Rule is a Ministerial Rule Change made on 22 November 2018, which brings forward the commencement date for the rule changes intended to be effected by the 'gas day harmonisation rule' to 1 October 2019 (previously the rule was scheduled to commence on 1 April 2021).</p> <p>This new 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>The rule change provides that 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 the rule change is to remove unnecessary complexities and inconsistencies between the different markets to incentivise inter-regional trade and reduce compliance costs.</p> <p>Read more about the previous 'gas day harmonisation rule' here and the Amendment Rule 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.