



National Electricity and Gas Rules Update 2018

September 2018 | Rule changes as at 1 October 2018

National Electricity Rules

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

There has been one new final determination since the last update. This rule changes the negotiation process and technical requirements for new connecting generators.

There has been one new draft determination relating to the demand side of the wholesale National Electricity Market.

National Energy Retail Rules

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

There have been two new final determinations since the last update. The first requires electricity and gas retailers to provide their customers with five business days advance notice of price changes and the second establishes a process for AEMO to create a register of distributed energy resources.

There have been two new draft determinations. The first requires retailers to provide small customers with new meters within specific timeframes and the second allows AER to develop a Customer Hardship Policy Guideline.

National Gas Rules

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

There were also no new final determinations.

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

Opportunities for Stakeholders

NER – Submissions are due on 25 October for the draft rule determination relating to the demand side of the wholesale National Electricity Market.

NER and NERR – Submissions are due soon on the draft rule determination requiring retailers to provide small customers with new meters within specific timeframes (25 October) and the draft rule determination allowing AER to develop a Customer Hardship Policy Guideline (18 October).

Energy Reform

In July 2018, AEMO released its first Integrated Systems Plan (*ISP*) for the NEM. The ISP was recommended by the [Finkel Review](#) 'to facilitate the efficient development and connection of renewable energy zones across the National Electricity Market'.

AEMO's July 2018 ISP modelled the NEM over a series of different possible future scenarios determining likely demand for power from the system and the likely amount and type of supply investment needed to meet this demand. While AEMO noted that demand was flattening due to the increasing uptake of rooftop solar and increasing energy efficiency, it also noted that traditional supply sources such as coal fired power plants, are aging and approaching the end of their technical lives.

The ISP identified a greater reliance on dispersed generation in the next 20 years and a subsequent greater reliance on the transmission network. The ISP recommended targeted investment in the transmission network to manage the changing supply mix.

On 21 September, AEMC called for submissions on the best model to action the ISP. There are five options:

1. A Transmission Network Service Provider (**TNSP**) decides on transmission investments but is required to consider ISP identified investment needs in reports and proposals.
2. A TNSP decides on transmission investments but must conduct regulatory investment tests on ISP investment needs and options.
3. In addition to the ISP identifying investment needs and options, AEMO determines the 'best' option for transmission investment but the TNSP is able to determine how to carry out this option.
4. AEMO determines the 'best' option for transmission investment and directs a TNSP to proceed with the 'best' option, although the TNSP can still choose the functional specification of that option.
5. AEMO determines what transmission investment is necessary, including the functional specification, and directs a TNSP to implement the investment.

The AEMC will publish a final report in December 2018. 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:

<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

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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	Preparation of draft determination	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 (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 request. Submissions on the paper closed on 26 July 2018, however two late submissions were accepted.</p> <p>For more information, see here.</p>
Global Settlement and Market Reconciliation	AEMO	16 March 2018	Consultation on request for rule change	25 October 2018 (deadline revised from 5 July 2018)	<p>On 30 August 2018, the AEMC published a draft determination and draft rule for this request. The draft rule 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. Key difference between the draft rule and AEMO's rule request include the treatment of unaccounted for energy, virtual transmission nodes and the accounting of energy associated with unmetered loads. The draft rule would commence at the same time as the 'five minute settlement' rule (1 July 2021).</p> <p>Submissions on the draft determination and draft rule are due by 25 October 2018.</p> <p>For more information, see here.</p>

Metering installation timeframes	Hon Josh Frydenberg MP, Minister for the Environment and Energy on behalf of Australian Government; the Australian Energy Council	1 March 2018 5 May 2018	Consultation on Draft Determination	25 October 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 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 13 September 2018, the AEMC published a draft determination and draft rule for this rule change request. A stakeholders workshop will be held on 12 October 2018 to discuss the metering installation timeframes draft rule. Submissions on the draft determination and draft rule are due by 25 October 2018.</p> <p>For more information, see here.</p>
Strengthening protections for customers in hardship	AER	21 March 2018	Consultation on Draft Determination	18 October 2018	<p>This rule change would allow for the development of a Customer Hardship Policy Guideline by the AER. This would provide industry with direction 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 6 September 2018, the AEMC published a draft determination and draft rule for this rule change request. Submissions on the draft determination and draft rule are due by 18 October 2018.</p> <p>For more information, see here.</p>
Participant compensation following market suspension	AEMO	25 July 2017	Publication of draft determination	4 October 2018	<p>The AEMC's draft 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>The draft determination was published by the AEMC on 23 August 2018. Submissions on the draft rule close on 4 October 2018.</p> <p>For more information, see here.</p>
Estimated meter reads	Hon Josh Frydenberg MP, Minister for the Environment and Energy on	6 February 2018 27 March 2018 29 March 2018	Consultation on draft determination	Deadline passed (20 September 2018)	<p>The AEMC's draft rule proposes changes to the NER and the NERR aimed at minimising inaccurate estimated meter reads. The rule 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</p>

	behalf of Australian Government; Ms Kirsty Johnson, Dr Daryl Dott				<p>estimation of their energy consumption. This rule change 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>The draft rule determination was published by the AEMC on 9 August 2018. Submissions closed on 20 September 2018, however seven late submissions were accepted.</p> <p>For more information, see here.</p>
Generator three year notice of closure	Dr Kerry Schott AO, Chair of the ESB	6 March 2018	Publication of draft determination	Deadline passed (27 September 2018)	<p>This draft rule would require scheduled and semi-scheduled generators to provide AEMO with at least three years' notice of when they will cease operation. The proposed 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. The AEMC also recommends that the requirement to notify AEMO of closure dates be classified as a civil penalty provision.</p> <p>On 16 August 2018, the AEMC published a draft rule determination on this rule change request. Submissions closed on 27 September 2018.</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				
Advance notice of price changes	1 February 2019	2018 No. 3	27 September 2018	<p>This rule will require electricity and gas retailers to provide their customers with five business days advance notice of 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 the rule change is to provide customers with sufficient time and information to consider their options prior to a price change taking effect.</p> <p>For more information, see here.</p>
Register of distributed energy resources	1 December 2019	2018 No. 9	13 September 2018	<p>This rule will place an obligation on AEMO to establish, maintain and update a register of distributed energy resources (DER) in the NEM. This follows 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'. Network services providers will also be required to request specific DER information from their customers and provide this to AEMO in accordance with AEMO-established guidelines. The main objective of this rule change is to improve power system and network security by providing AEMO with greater visibility over DER.</p> <p>For more information, see here.</p>
Generator technical performance standards	5 October 2018	2018 No. 10	27 September 2018	<p>This rule changes the negotiation process used to set the level of performance of connection infrastructure for generating systems in the NER while also introducing new access standards for connecting generators to the network. The changes are aimed at ensuring the security of the network as it changes from domination by coal-fired generation to a mix of asynchronous generating systems. Transitional arrangements are in place for connection applications that have a full set of access standards agreed for a proposed connection prior to the rule commencing.</p> <p>For further information, see here.</p>

Other rules not yet commenced				
Minor changes (retail)	10 April 2018 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 inserts 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 here.</p>
Strengthening protections for customers requiring life support equipment	1 February 2018 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 changes 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 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.</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 and will then come into full effect on 1 July 2021.</p> <p>For further information, see here.</p>



National Gas Rules

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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				
No final rule determinations.				
Other rules not yet commenced				
Minor changes	10 April 2018 1 July 2018 30 September 2018 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 here.</p>
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 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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