



National Electricity and Gas Rules Update 2018

August 2018 | Rule changes as at 1 September 2018

National Electricity Rules

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

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

Three new draft determinations have been published, which relate to AEMO's adoption of a new 'global settlement' methodology for settling the demand side of the National Energy Market, the creation of a framework for compensation of market participants who suffer loss as a result of market suspension and the introduction of a requirement for large generators to provide at least three years' notice of their closure.

National Energy Retail Rules

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

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

There has been one new draft determination, which would permit small customers to submit a self-read of their meter to their retailer if they receive an inaccurately estimated bill.

National Gas Rules

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

There has been one new final determination, which will allow Jemena Gas Networks to spread recovery of its revenue across two access arrangement periods, rather than one.

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

Opportunities for Stakeholders

NER – Submissions are due soon on the draft rule determinations relating to the requirement for generators to provide three years' notice of closure (27 September), the provision of compensation for losses resulting from market suspension (4 October) and the adoption by AEMO of a new 'global settlement' framework (15 October).

NER and NERR – Submissions on the draft rule determination that would enable small customers to submit a self-read of their meter to their retailer are due on 20 September.

Energy Reform

On 15 August the Federal Government released the exposure draft of the *Treasury Laws Amendment (Consumer Data Right) Bill 2018* (Cth), which will introduce a consumer data right (CDR) to the banking sector. Following implementation in the banking sector, it is expected that the CDR will be applied to the energy and telecommunications sectors.

The aim of the CDR is to give consumers more power to use their consumer data for their own purposes. Consumers will be able to direct a data holder (eg, their electricity retailer) to provide their data to another entity (eg, a competing retailer), enabling the consumer to more easily compare and switch between service providers. Consumers will also be able to access their data without a direction that it be given to a third party.

Other key features of the proposed CDR framework are:

- The ACCC will be responsible for establishing the rules governing how the CDR will function in each sector, including the scope of data that will be covered and the privacy safeguards that will apply. Generally speaking, these safeguards will apply in addition to the *Privacy Act 1988* (Cth) and Australian Privacy Principles.
- Entities will need to be accredited before they can receive data under the framework, requiring them to demonstrate that they have satisfactory security and privacy safeguards in place.
- Consumer data will need to be provided in a format and by a process that complies with data standards that will be established by a Data Standards Body.
- Responsibility for enforcement will be split between the Office of the Australian Information Commissioner (OAIC) and the ACCC. The OAIC will enforce privacy safeguards and provide individual remedies to consumers, while the ACCC will be responsible for enforcing the balance of the framework and taking strategic enforcement actions.

As the CDR will be extended to the energy sector in the near future, energy companies should begin to consider how these reforms may affect their business.

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. This proposal may interact with the National Energy Guarantee, as the RERT framework could act as the mechanism for procurement of reserves under the procurer of last resort function of the reliability requirement.</p> <p>On 21 June 2018, the AEMC issued a consultation paper on the rule change request. Submissions on the paper closed on 26 July 2018, 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 draft determination	25 October 2018 (deadline revised from 5 July 2018)	<p>On 30 August 2018, the AEMC published a draft determination and draft rule. The draft rule introduces a new framework for settling the demand side of the wholesale National Electricity Market. A 'global settlement' framework will replace 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 will commence at the same time as the 'five minute settlement' rule commences (1 July 2021).</p> <p>Submissions on the draft determination and draft rule are due 25 October 2018.</p> <p>For more information, see here.</p>

Rule Name	Proponent	Lodgement Date	Stage	Deadline for Submissions	Summary of Request
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 consolidated rule request	Deadline passed (12 July 2018)	<p>This proposed change aims to protect small customers who, as a result of rule changes which commenced on 1 December 2017, are entitled to receive new Type 4 meters from their retailer. The request includes amendments to the NER and the NERR to require retailers to provide small customers with new meters on the date agreed by the customer, or otherwise within 6 business days, as well as other changes to timeframes for repairing faulty meters and notifying customers of planned interruptions, etc.</p> <p>On 31 May 2018, the AEMC issued a consultation paper on the rule change request. Submissions on the paper closed on 12 July 2018, however, five late submissions were accepted. A draft determination is due on 20 September 2018.</p> <p>For more information, see here.</p>
Strengthening protections for customers in hardship	AER	21 March 2018	Preparation of draft determination	18 October 2018	<p>The AER proposed a change to the NERR that would allow for the development and adoption of a Customer Hardship Policy Guideline. This Guideline would provide industry with directions on how to apply the minimum requirements for hardship policies contained in the NERR, which would also enable clearer regulatory oversight of retailer compliance.</p> <p>On 6 September 2018, the AEMC made a draft rule, which would require the AER to develop the hardship guidelines to ensure transparent and consistent retailer hardship policies. Submissions on the 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>On 23 August 2018, the AEMC published a draft determination and draft rule for this rule change request. Submissions on the paper close on 4 October 2018.</p> <p>For more information, see here.</p>
Estimated meter reads	Hon Josh Frydenberg MP, Minister for the	6 February 2018 27 March 2018	Consultation on draft determination	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 draft rule would permit small customers to submit a self-read of their meter to their retailer if they receive a bill</p>

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	Environment and Energy on behalf of Australian Government; Ms Kirsty Johnson, Dr Daryl Dott	29 March 2018			<p>that is based on an inaccurate estimate of their energy consumption. Under the NERR, a retailer may, in limited circumstances, base a small customer's bill on an estimation of their energy consumption. This rule change would reduce a small customer's exposure to over- or under-charging as a result of receiving a bill based on an inaccurate estimate by the retailer.</p> <p>On 9 August 2018, the AEMC published a draft determination and draft rule for this rule change request. Submissions close on 20 September 2018.</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	27 September 2018	<p>The draft rule would require scheduled and semi-scheduled generators to provide AEMO with at least three years' notice of when they will cease operation. This proposed rule change stems from one of the recommendations of the Finkel Review and aims to provide market participants with clear and specific information on closure dates so they can better plan for the introduction of new capacity. 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 determination and draft rule on this rule change request. Submissions close on 27 September 2018.</p> <p>For more information, see here.</p>
Advance notice of price changes	Hon Josh Frydenberg MP, Minister for the Environment and Energy on behalf of Australian Government; Hon Don Harwin MLC, Minister for Energy and Utilities on behalf of the	26 April 2018	Consultation on draft determination	Deadline passed (16 August 2018)	<p>This rule change request seeks changes to the NERR to require electricity retailers to provide their customers with prior notice of energy price changes. At present, customers must be informed by retailers of changes in the prices they pay for energy no later than their next bill, which for households can be up to three months after a change is made. The purpose of this change is to provide customers with sufficient time and information to consider their options prior to a price change taking effect.</p> <p>On 5 July 2018, the AEMC issued a draft rule determination. Submissions on this draft determination closed on 16 August 2018.</p> <p>For more information, see here.</p>

Rule Name	Proponent	Lodgement Date	Stage	Deadline for Submissions	Summary of Request
	NSW Government				
Register of distributed energy resources	COAG Energy Council	5 October 2017	Consultation on draft determination	Deadline passed (7 August 2018)	<p>The draft rule obliges AEMO to establish a register of distributed energy resources (DER) following the identification of gaps in the collection of DER data under the current regulatory mechanisms in AEMO's 2017 report, 'Visibility of Distributed Energy Resources in the National Electricity Market'. The draft rule also requires network services providers to request specific DER information from their customers and provide this to AEMO. The objectives of this rule change request include improving power system and network security by providing AEMO with visibility over DER and providing key information to consumers and installers.</p> <p>On 26 June 2018, the AEMC published a draft rule determination. Submissions on this draft determination closed on 7 August 2018. The rule change is expected to be finalised by 13 September 2018.</p> <p>For more information, see here.</p>
Generator technical performance standards	AEMO	11 August 2017	Publication of draft determination	Deadline passed (13 July 2018)	<p>AEMO submitted a rule change request to the AEMC seeking changes to the negotiation process used to set the level of performance of connection infrastructure for generating systems in the NER. The draft rule also introduces changes to 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>On 31 May 2018, the AEMC published a draft rule determination, following an earlier consultation process. Submissions on this draft determination closed on 13 July 2018. The rule change is expected to be finalised by 27 September 2018.</p> <p>For further 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 new final rule determinations.				
Other rules not yet commenced				
Minor changes (retail)	10 April 2018 1 February 2019	2018 No. 1	3 April 2018	This AEMC-initiated rule corrects minor and non-material errors in the NERR, including formatting and typographical errors and the deletion of redundant definitions. The rule further inserted notes for each new civil penalty provision in the NERR as a result of the <i>National Energy Retail (Civil Penalties) Variation Regulations 2017</i> . Associated minor changes to the NER have already commenced. For further information, see here .
Strengthening protections for customers requiring life support equipment	1 February 2018 1 February 2019	2017 No. 3	19 December 2017	This rule amends the NERR to provide greater protection from de-energisation to life support customers who have not validly registered with the NERR. The final rule amends the life support provisions in the NERR to entitle customers to life support protections from the time they first inform either their retailer or distributor of their status as life support customer. It also contains amendments which alter the minimum requirements for retailers and distributors to register and deregister customers for life support protections. Further, the rule change clarifies the role of retailers and distributors with regards to the registration, medical confirmation and deregistration processes. For further information, see here .
Five Minute Settlement	19 December 2017 1 July 2021	2017 No. 15	28 November 2017	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 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

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				<p>new or replaced type 4 and type 4A meters will need to provide five minute data, respectively.</p> <p>The rule provides for a transition period starting on 19 December 2017. The rule will then come into full effect on 1 July 2021.</p> <p>For further information, see here.</p>



National Gas Rules

Rule Change Requests

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New rule change requests since last Update					
No new rule change requests.					
Existing rule change requests					
No existing rule change requests.					

Rule Changes: recent and not yet commenced

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations since last Update				
Cross period revenue smoothing (Gas)	6 September 2018	2018 No. 2	30 August 2018	<p>On 30 August 2018, AEMC published a final determination to amend the NGR to allow Jemena Gas Networks (NSW) Ltd to spread the recovery of its revenue from retailers (and ultimately customers) across two access arrangement periods, rather than one.</p> <p>The AER's final decision regarding JGN's 2015-20 access arrangement was subject to judicial review and merits review. The AER was ordered to remake its final decision regarding JGN's 2015-20 access arrangement. The delay in the finalisation of JGN's 2015-20 access arrangement was anticipated to result in price volatility for JGN's NSW gas customers. The final rule allows the AER the discretion to make an adjustment determination to shift JGC's revenue recovery across access arrangement periods for the remaining two years of JGN's 2015-20 access arrangement, minimising network pricing volatility.</p> <p>For more information, see here.</p>
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>
Improvements to the Natural Gas Services Bulletin Board	3 October 2017 15 May 2018 30 September 2018	2017 No. 3	26 September 2017	<p>This rule change amends Part 18 of the NGR to provide greater confidence in, and clarity to, the information reported in the Natural Gas Services Bulletin Board (BB). These amendments clarify and expand the purpose of the BB, updating the information to be reported and implementing a reporting standard to improve information quality.</p> <p>The final rule allows AEMO to recover costs for the provision of the BB service, to exempt certain entities on a case-by-case basis and to carve out certain provisions specifically for declared transmission system pipelines.</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>From 3 October 2017, AEMO was obliged to publish the new BB procedures by 30 April 2018. The new cost recovery provisions commenced on 15 May 2018 and the remaining rules will commence on 30 September 2018.</p> <p>For further information, see 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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