



# National Electricity and Gas Rules Update 2019

September 2019 | Rule changes as at 1 October 2019

## National Electricity Rules

There have been five new rule change requests that relate to frequency control and system security in the NEM and System Restart Ancillary Services.

There has been one new draft determination that relates to improved customer transfer processes and changes to procedures requiring rule changes to the NER and NERR.

There has been one new final determination that relates to a rule change request regarding market making services in the NEM.

## National Energy Retail Rules

There have been no new rule change requests or final determinations.

There has been one new draft determination that relates to improved customer transfer processes and changes to procedures as outlined above.

## National Gas Rules

There have been no new rule change requests or final determinations.

There has been two new draft determinations that relate to simplifying wholesale gas prices for the Victorian Declared Wholesale Gas Market and changes to the Authorised Maximum Daily Quantity regime.

## Opportunities for Stakeholders

**NER** – Submissions on five rule change requests and one draft determination are due in the coming months.

**NERR** – Submissions on one rule change request and one draft determination are due in the coming months.

**NGR** – Submissions on two draft determinations are due in coming months.



## Energy Reform

### Introduction

In October 2018, the AER commenced a review into the values of customer reliability (**VCR**) in the NEM and the Northern Territory. The scope of the review includes formulating the methodology for developing VCRs and calculating the final VCR values. VCRs are a determination of values that reflect the value that different customers place on having reliable electricity supply in different conditions. VCRs are usually expressed in dollar per kilowatt hour (\$/kWh) of unserved energy. The value is important as it is currently used by the AER and network services providers to inform their cost benefit analysis that is undertaken when determining whether steps to prevent outages are economically justified.

After undertaking extensive public consultation, including public forums in Sydney and Melbourne, the AER published its draft decision on 18 September 2019.

The draft decision sets out the draft methodology for developing VCRs and in particular it discusses the determination of the methodologies for:

- standard outages for up to 12 hours;
- widespread and long duration outages greater than 12 hours; and
- the annual adjustment mechanism.

The methodology developed builds upon the methodology used by AEMO in its 2014 NEM-wide study, however the draft decision also distinguishes different methodologies for standard outages and widespread and long duration outages.

Submissions on the draft decision are due by 5pm on 18 October 2019 and the AER expects to publish its final decision on the methodology in mid-November.

Read more [here](#).

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

## Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests (since 1 September 2019)					
Primary frequency response requirement	Dr Peter Sokolowski	19 September 2019	Consultation on rule change request	31 October 2019	<p>In response to the deterioration of control of power system frequency in the NEM, this rule change request seeks to amend the NER to improve frequency control and system security. This is one of three rule change requests that relate to the frequency control arrangements in the NEM. The other two Rule changes were submitted by AEMO (see below, Mandatory primary frequency response and Removal of distinctives to primary frequency response). These rule change requests build on previous work, including:</p> <ul style="list-style-type: none"> <li>• the AEMC's Frequency control frameworks review; and</li> <li>• AEMO's Final report – Queensland and South Australian system separation.</li> </ul> <p>This rule change request seeks to make the following changes to the NER to improve the security of the power system:</p> <ul style="list-style-type: none"> <li>• clarify that AEMO is responsible for improving system security;</li> <li>• include a mandatory requirement for registered generators to provide primary frequency response (PFR) outside of a deadband no greater than <math>\pm 0.025\text{Hz}</math> either side of 50Hz;</li> <li>• remove disincentives to the provision of PFR;</li> <li>• clarify that a generator must control its output for both dispatch instructions and local frequency; and</li> <li>• amend the clauses relating to inertia and inertia support service to ensure they accommodate new technologies that are designed to help control frequency (for example, fast frequency response from inverter connected plant).</li> </ul> <p>On 19 September 2019, the AEMC published a consultation paper on the rule change request. Submissions on the consultation paper are due 31 October 2019.</p> <p>Read more <a href="#">here</a>.</p>

Removal of disincentives to primary frequency response	Australian Energy Market Operator	19 September 2019	Consultation on rule change request	31 October 2019	<p>This rule change request seeks to amend the NER to address perceived disincentives to the voluntary provision of PFR by participants in the NEM. This is one of three rule change requests that relate to the frequency control arrangements in the NEM. The other two rule changes were submitted by Peter Sokolowski and by AEMO (see above and below respectively, Mandatory primary frequency response and Primary frequency response requirement).</p> <p>This rule changes seeks to address the perceived disincentives in the NER in order to remove barriers to providing voluntary PFR during normal operation in order to halt the decline of frequency performance.</p> <p>AEMO identified a number of aspects of the NER that are perceived to be distinctives to the voluntary provision of PFR (for example, AEMO considers there is a perception that the NER only requires generators to provide PFR when they are enabled to provide a frequency control ancillary service).</p> <p>On 19 September 2019, the AEMC published a consultation paper on this rule change request. Submissions on the consultation paper are due 31 October 2019.</p> <p>Read more <a href="#">here</a>.</p>
Mandatory primary frequency response	Australian Energy Market Operator	19 September 2019	Consultation on rule change request	31 October 2019	<p>This rule change request seeks to restore effective frequency control in the NEM by introducing a mandatory obligation for all scheduled and semi-scheduled generating units to help control power system frequency. This is one of three rule change requests that relate to the frequency control arrangements in the NEM. The other two rule changes were submitted by Peter Sokolowski and by AEMO (see above, Removal of disincentives to primary frequency response during normal operation and Primary frequency response requirement).</p> <p>AEMO is seeking this rule change because AEMO is increasingly unable to control frequency in the NEM under normal operating conditions due to reduced frequency responsiveness from generation, and the tools currently available to AEMO cannot effectively control frequency on an ongoing basis.</p> <p>This rule change seeks to:</p> <ul style="list-style-type: none"> <li>• re-establish effective control of power system frequency in line with international practice;</li> <li>• increase the resilience of the power system to disturbances; and</li> <li>• improve the predictability of frequency response from generation to power system disturbances to support power system planning and modelling.</li> </ul>

					<p>This rule change would create a significant change to the frequency control arrangements that have been in place since 2001. However, AEMO considers that there is an urgent need to restore effective frequency control in the NEM.</p> <p>On 19 September 2019, the AEMC published a consultation paper on this rule change request. Submissions on the consultation paper are due 31 October 2019.</p> <p>Read more <a href="#">here</a>.</p>
System restart services, standards and testing	Australian Energy Market Operator, Australian Energy Regulator	19 September 2019	Consultation on rule change request	17 October 2019	<p>This rule change request is a consolidation of the following two rule change requests relating to System Restart Ancillary Services (<b>SRAS</b>):</p> <ul style="list-style-type: none"> <li>• AEMO's rule change request seeking to incentivise the provision of both system restart and restoration support capabilities, and intending to facilitate more extensive testing to verify the viability of system restart paths, increasing the level of assurance that system restoration will succeed, submitted on 29 July 2019; and</li> <li>• AER's rule change request seeking to provide clarity and transparency about the roles and responsibilities of parties involved in responding to a major supply disruption, particularly in respect of information provision and communication protocols relating to SRAS, submitted on 6 September 2019.</li> </ul> <p>They are being considered as a single request under a single name.</p> <p>The rule change requests both relate to the broader work of the AEMC through its <a href="#">Review of the South Australian Black system event</a>, that is considering the overall resilience of the power system to high impact, low probability events, including the role that SRAS plays in this overall resilience.</p> <p>On 19 September 2019, the AEMC published a consultation paper on these rule change requests. Submissions on the consultation paper are due 17 October 2019.</p> <p>Read more <a href="#">here</a>.</p>
System restart services procedures	Australian Energy Regulator	19 September 2019	Consultation on rule change request	17 October 2019	<p>This rule change request has been consolidated with a request by AEMO regarding system restart and restoration support capabilities (above). They are being considered as a single request.</p> <p>For details refer to System restart services, standards and testing (above).</p> <p>Read more <a href="#">here</a>.</p>

Existing rule change requests (as at last update September 2019)					
Introduction of metering coordinator planned interruptions	Chair of the Competitive Industry Metering Group (sub-branch of Master Electricians Australia)	29 August 2019	Consultation on rule change request	10 October 2019	<p>This rule change request seeks to amend the NER and NERR to allow metering coordinators to arrange planned interruptions of electricity supply for any electricity customer, regardless of the customer's retailer, for the purposes of installing, maintaining, repairing or replacing an electricity meter.</p> <p>Under the proposed rule, metering coordinators will be able to interrupt supply provided that they have obtained consent from the affected customers or given four business days' notice. The purpose of the rule change request is to reduce delays in installing or undertaking maintenance on meters.</p> <p>On 27 August 2019, the AEMC published a consultation paper on this rule change request. Submissions on the consultation paper are due 10 October 2019.</p> <p>Read more <a href="#">here</a>.</p>
Regulating conditional discounting	Federal Minister for Energy & Emissions Reduction	1 August 2019	Preparation of draft determination	Deadline passed (19 September 2019)	<p>This rule change request seeks to amend the NER to regulate conditional discounting practices by energy retailers. This rule change request is based on recommendation 33 of the Australian Competition and Consumer Commission's Retail Pricing Inquiry.</p> <p>Currently, excessive penalties are applied to customers who do not meet the conditions of their discount. This results in those customers paying the highest prices in the market. By restricting the discount to the reasonable cost savings that a retailer would expect to make if a customer satisfies the conditions attached to the discount, the rule change seeks to:</p> <ul style="list-style-type: none"> <li>remove the excessive penalties applied to customers (particularly vulnerable customers) who do not pay their bill before the due date; and</li> <li>ensure that market offers can be compared as a result of simplifying and reducing conditional discounts.</li> </ul> <p>On 1 August 2019, the AEMC published a consultation paper on this rule change request. Submissions on the consultation paper were due 19 September 2019.</p> <p>Read more <a href="#">here</a>.</p>
Improving transparency and	ERM Power	18 July 2019	Preparation of draft	Deadline passed (15	<p>This rule change request seeks to amend the NER to improve the transparency and accuracy of Medium-term Projected Assessment of System Adequacy (<b>MT PASA</b>)</p>

extending duration of MT PASA			determination	August 2019)	<p>as well as extend the duration by a period of twelve months in order to make it three years.</p> <p>The NER requires AEMO to administer Projected Assessment of System Adequacy (<b>PASA</b>) for both short and medium term processes. The MT PASA currently assesses adequacy over a two year period by regularly assessing any projected failure to meet the reliability standard.</p> <p>The rule change request proposes a number of amendments, such as:</p> <ul style="list-style-type: none"> <li>• requiring AEMO to include individual scheduled generating unit availability data for each region (as opposed to aggregate generating availability only);</li> <li>• requiring AEMO to have specific regard to current forecast for weather conditions in the near-term three-month period when preparing forecast demand information; and</li> <li>• extending the duration of the MT PASA timeframe from two years to three years.</li> </ul> <p>On 18 July 2019, the AEMC published a consultation paper on this rule change request. Submissions on the consultation paper were due 15 August 2019.</p> <p>Read more <a href="#">here</a>.</p>
Reducing customers' switching times	AEMO	4 July 2019	Consultation on draft determination	7 November 2019	<p>This rule change request seeks to amend the NER and NERR to support AEMO's 'proposed high level design for a timely and improved customer transfer process and changes to its procedures'. This rule change request has also been submitted in response to the joint advice by the AEMC and AEMO to the COAG Energy Council in December 2018, and the Australian Competition and Consumer Commission Retail Pricing Inquiry Final Report and Recommendations.</p> <p>Requirements for retailers and other parties to undertake and complete a retail customer transfer are contained within AEMO's Market Settlement and Transfer Solutions (<b>MSATS</b>) Customer Administration and Transfer Solutions (<b>CATS</b>) procedures. AEMO has remit to amend these procedures and has made this rule change request in order to clarify existing obligations under the NER and NERR to support its proposed changes to the MSATS CATS procedures.</p> <p>The rule change request seeks to:</p> <ul style="list-style-type: none"> <li>• amend procedures in the NER in relation to metering roles and meter churn – these amendments are to support an amendment to the MSATS CATS</li> </ul>

				<p>procedures to ensure that the retailer role can only be nominated to change as of the customer transfer date (this removes the ability for parties to object, delay or prevent a customer transfer from occurring due to a role nomination); and</p> <ul style="list-style-type: none"> <li>amend the NERR to accommodate the use of estimates for a final bill where the Retail Market Procedures allow for use of an estimate, and to extend the ability for a small customer to provide a customer self read for a customer transfer and final bill – these amendments are to support an amendment to the MSATS CATS to clarify the meter read options available to consumers and retailers.</li> </ul> <p>On 4 July 2019, the AEMC published a consultation paper on this rule change request. Submissions on the consultation paper were due 1 August 2019.</p> <p>The AEMC published a draft determination on 26 September 2019. Submissions on the draft determination are due 7 November 2019.</p> <p>Read more <a href="#">here</a> and <a href="#">here</a>.</p>
Transmission loss factors	Adani Renewables	6 June 2019	Preparation of draft determination	<p>Deadline passed (18 July 2019)</p> <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"> <li>redistribute the allocation of the intra-regional settlement residue (<i>IRSR</i>) so it applies equally between generators and networks users; and</li> <li>change the calculation methodology for the marginal loss factor (<i>MLF</i>) to an average loss factor methodology.</li> </ul> <p>Adani contends that generators and transmission network customers should share the IRSR due to issues with accuracy in the calculations of the loss factors. If generators share the IRSR, 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 held a workshop for stakeholders on the operation of the transmission loss framework on 4 July 2019. Submissions on the consultation paper were due 18 July 2019.</p> <p>On 26 September 2019, the Commission extended the period of time to make a</p>



					<p>draft determination to 21 November 2019.</p> <p>Read more <a href="#">here</a>.</p>
Loss factor frameworks	Adani Renewables	6 June 2019	Preparation of draft determination	Deadline passed (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.</p> <p>For details refer to Transmission loss factors rule change request (above).</p> <p>Read more <a href="#">here</a>.</p>
Transparency of new projects	Australian Energy Council, AEMO, Energy Networks Australia	18 April 2019	Preparation of final determination	Deadline passed (12 September 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"> <li>• codify AEMO's generation information page which reports on generation projects in the NEM;</li> <li>• 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;</li> <li>• allow AEMO to disclose confidential information where that information exists in the public domain;</li> <li>• 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</li> <li>• 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.</li> </ul> <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>The AEMC published a draft determination on 1 August 2019. Submissions on the</p>

					<p>draft determination were due 12 September 2019.</p> <p>Read more <a href="#">here</a>.</p>
NEM information for project developers	AEMO	31 December 2018	Preparation of final determination	Deadline passed (12 September 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 <a href="#">here</a>.</p>
TNSP exemptions from confidentiality requirements	Energy Networks Australia	15 March 2019	Preparation of final determination	Deadline passed (12 September 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 <a href="#">here</a>.</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 (<b>STFM</b>) 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"> <li>• AEMO would be the market operator;</li> <li>• the STFM would operate alongside the NEM;</li> <li>• the market would involve the trade of standardised short term electricity contracts on a daily basis between participants;</li> <li>• trading would take place on a rolling basis from a day ahead of the trading day and up to seven days in advance; and</li> <li>• participation would be voluntary.</li> </ul> <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. On 1 August 2019 the AEMC extended the period of time to make a draft determination to 12 December 2019.</p> <p>Read more <a href="#">here</a>.</p>

Application of the Regional Reference Node Test to the Reliability and Emergency Reserve Trader	AEMO	4 April 2019	Preparation of final determination	Deadline passed (26 September 2019)	<p>This rule change request seeks to require that AEMO apply the regional reference node test (<b>RRN test</b>) to the Reliability and Emergency Reserve Trader (<b>RERT</b>).</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 <a href="#">here</a>.</p> <p>The AEMC published a draft determination on 15 August 2019. Submissions on the draft determination were due 26 September 2019.</p> <p>Read more <a href="#">here</a>.</p>
Threshold for participant compensation following market intervention	AEMO	4 April 2019	Preparation of final determination	Deadline passed (26 September 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</p>

					<p>intervention mechanisms and system strength in the NEM For more information see <a href="#">here</a>.</p> <p>The AEMC published a draft determination on 15 August 2019. Submissions on the draft determination were due 26 September 2019.</p> <p>Read more <a href="#">here</a>.</p>
Wholesale demand response mechanism	Public Interest Advocacy Centre, Total Environment Centre, The Australia Institute	15 November 2018	Preparation of final determination	Deadline passed (12 September 2019)	<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 (<b>DSRP</b>), 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>The AEMC published a draft determination on 18 July 2019. Submissions on the draft determination were due 12 September 2019.</p> <p>Read more <a href="#">here</a>.</p>
Wholesale demand response register mechanism	Australian Energy Council	15 November 2018	Preparation of final determination	Deadline passed (26 September 2019)	<p>On 18 July 2019, the AEMC consolidated this rule change request with:</p> <ul style="list-style-type: none"> <li>the 'Wholesale demand response mechanism' rule change request; and</li> <li>the 'Mechanisms for wholesale demand response' rule change request.</li> </ul> <p>They are being considered as a single request.</p> <p>For details, refer to 'Wholesale demand response mechanism' (above).</p> <p>Read more <a href="#">here</a>.</p>
Mechanisms for wholesale demand response	South Australian Minister for Energy	15 November 2018	Preparation of final determination	Deadline passed (26 September 2019)	<p>On 18 July 2019, the AEMC consolidated this rule change request with:</p> <ul style="list-style-type: none"> <li>the 'Wholesale demand response mechanism' rule change request; and</li> <li>the 'Wholesale demand response register mechanism' rule change request.</li> </ul> <p>They are being considered as a single request.</p> <p>For details, refer to 'Wholesale demand response mechanism' (above).</p>

Read more [here](#).

## Rule Changes: recent and not yet commenced

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
<b>Final rule determinations (since last update July &amp; August 2019)</b>				
Market making arrangements in the NEM	N/A	N/A	19 September 2019	<p>This rule change request by ENGIE sought 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 aimed 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 proposed 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 its final determination not to make a rule change on 19 September 2019.</p> <p>Read more <a href="#">here</a>.</p>
<b>Other rules not yet commenced</b>				
Five minute settlement and global settlement implementation	<p>12 August 2019 (amendments to the spot market operations timetable and transitional arrangements)</p> <p>1 July 2021 (commencement of the 5 minute settlement rule)</p> <p>6 February 2022 (commencement of the Global settlement and market reconciliation rule)</p>	NER 2019 No. 7	8 August 2019	<p>This rule amends nine areas of the NER to assist in implementing the five minute settlement and global settlement rule changes. For context:</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul> <p>Regarding wholesale market operations for five minute settlement, the rule:</p> <ul style="list-style-type: none"> <li>enables AEMO to calculate Marginal Loss Factors using 30 minute or shorter resolution data intervals;</li> <li>provides for fast-start inflexibility profiles in pre-dispatch; and</li> <li>provides that the Reliability Standard and Settings Guidelines need not be amended as part of the transitional arrangements for five minute settlement.</li> </ul>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>Regarding global settlement, the rule clarifies that:</p> <ul style="list-style-type: none"> <li>• non-contestable unmetered loads are to be assigned to the most appropriate Transmission Node Identified (<b>TNI</b>) or Virtual Transmission Node (<b>VTN</b>);</li> <li>• retailers do not have financial responsibility at a transmission or distribution boundary point;</li> <li>• customer loads are market loads; and</li> <li>• Unaccounted for Energy (<b>UFE</b>) will not be allocated to distribution-connected generators.</li> </ul> <p>Regarding information provision, the rule:</p> <ul style="list-style-type: none"> <li>• provides that AEMO need not run a Rules Consultation process when making minor or administrative amendments to the spot market operations timetable; and</li> <li>• amends the period during which metering data providers must provide AEMO with data so that, before global settlement commences, AEMO can publish information about the potential UFE liability that market customers will be subject to.</li> </ul> <p>Read more <a href="#">here</a>.</p>
Monitoring and reporting on frequency control framework	1 January 2020	NER 2019 No. 6	25 July 2019	<p>This rule requires the AER to report quarterly on the performance of frequency control ancillary services (<b>FCAS</b>) markets.</p> <p>In July 2018 the AEMC delivered its report on the <a href="#">Frequency control frameworks review</a>. The report concluded that there is a lack of transparency regarding:</p> <ul style="list-style-type: none"> <li>• the frequency performance of the power system under normal operating conditions; and</li> <li>• the general performance of the FCAS markets.</li> </ul> <p>To address this lack of transparency, the report recommended the establishment of ongoing reporting requirements.</p> <p>Under the rule, AEMO is required to report on frequency and 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, the AER is required to report on FCAS market outcomes in response to the</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>growing proportion of non-synchronous generation capacity and publish a report that includes:</p> <ul style="list-style-type: none"> <li>• the total costs of FCAS;</li> <li>• volumes, prices, number of participants for each FCAS markets and the technology type of each participant; and</li> <li>• commentary on key trends.</li> </ul> <p>Read more <a href="#">here</a>.</p>
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"> <li>• increasing the deadline for additional compensation claims from seven business days to 15 business days;</li> <li>• inserting a deadline of 15 business days for additional compensation claims by directed parties;</li> <li>• 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;</li> <li>• aligning the compensation timetable for all interventions with the settlement table.</li> </ul> <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 <a href="#">here</a>.</p>
Enhancement to the Reliability and Emergency Reserve	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>



Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Trader				<p>This rule minimises costs of the RERT by:</p> <ul style="list-style-type: none"> <li>linking the RERT procurement trigger and volume to the reliability standard – this enhances transparency to market participants regarding how and when RERT will be used;</li> <li>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;</li> <li>clarifying the out-of-market provisions – this enables reliability to be delivered at a lower cost to consumers;</li> <li>assigning, where possible, the cost of emergency reserves to customers who caused the need for the RERT; and</li> <li>increasing transparency and reporting.</li> </ul> <p>This rule does not change the reliability standard.</p> <p>Read more <a href="#">here</a>.</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 <a href="#">here</a>.</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 <a href="#">here</a>.</p>
Five Minute Settlement	19 December 2017 1 July 2021	2017 No. 15	28 November 2017	<p>This rule amends the NER to reduce the settlement interval from 30 minutes to five minutes. As a result, the spot price for electricity on the wholesale market will be determined for each five minute trading interval instead of the average of dispatch prices across a 30-minute timeframe. This change aligns the operational dispatch and</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>financial settlement periods, with a view to encouraging contestability of demand response technology and improving incentives for more efficient generation. 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, 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 <a href="#">here</a>.</p>

# ➤ National Gas Rules

## Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
<b>New rule change requests (since last update July &amp; August 2019)</b>					
No new rule change requests.					
<b>Existing rule change requests (as at last update July &amp; August 2019)</b>					
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 being considered as a single request.</p> <p>For details, refer to 'DWGM simpler wholesale price' (below).</p> <p>Read more <a href="#">here</a>.</p>
DWGM simpler wholesale price	Victorian Minister for Energy, Environment and Climate Change	14 March 2019	Consultation on draft determination	24 October 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 (<b>DWGM</b>) by amending the NGR to:</p> <ul style="list-style-type: none"> <li>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);</li> <li>decouple the cost of congestion from the authorised maximum daily quantity (<b>ADMQ</b>) regime, which will assist in simplifying current market processes; and</li> <li>enable physical constraints on scheduled withdrawals to be represented in AEMO's pricing schedule.</li> </ul> <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 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 <a href="#">here</a>.</p> <p>On 5 September 2019, the AEMC published a draft determination and draft rule. Submissions on the draft determination are due 24 October 2019.</p> <p>Read more <a href="#">here</a>.</p>
DWGM forward trading market	Victorian Minister for Energy, Environment and Climate Change	14 March 2019	Preparation of final determination	Deadline passed (22 August 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 (<b>DWGM</b>).</p> <p>Amongst other matters, the proposed market would:</p> <ul style="list-style-type: none"> <li>• operate as a voluntary, anonymous gas trading exchange;</li> <li>• facilitate the trading of forward contracts for gas products;</li> <li>• be based on the design of the Gas Supply Hubs currently operating in Wallumbilla and Moomba; and</li> <li>• offer a range of contract tenures (e.g. daily, monthly, seasonal).</li> </ul> <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 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 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</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>available <a href="#">here</a>.</p> <p>On 4 July 2019, the AEMC published a draft determination not to make a rule. Submissions on the draft determination were due 22 August 2019.</p> <p>Read more <a href="#">here</a>.</p>
DWGM improvement to AMDQ regime	Victorian Minister for Energy, Environment and Climate Change	14 March 2019	Consultation on draft determination	24 October 2019	<p>This rule change request seeks to improve the Authorised Maximum Daily Quantity (<b>AMDQ</b>) regime by making it easier for participants to trade and allocate pipeline capacity rights in the Victorian Declared Wholesale Gas Market (<b>DWGM</b>).</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"> <li>• introduce separate, tradeable entry and exit AMDQ rights;</li> <li>• introduce an exchange to improve secondary trading of AMDQ rights and benefits; and</li> <li>• make AMDQ available for a range of different tenures.</li> </ul> <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 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).</p> <p>The AEMC held a public workshop in Melbourne on 16 May 2019 on the three rule change requests that relate to the Victorian DWGM.</p> <p>On 5 September 2019, the AEMC published a draft determination and rule. Submissions on the draft determination and rule are due 24 October 2019.</p> <p>Read more <a href="#">here</a>.</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 July & August 2019)				
N/A				
Other rules not yet commenced				
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 <a href="#">Stage One Final Report</a> 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' <a href="#">here</a> and the Amendment Rule <a href="#">here</a>.</p>

## Disclaimer

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