



National Electricity and Gas Rules Update 2020

April 2020 | Rule changes as at 1 May 2020

⚡ National Electricity Rules

There has been one new rule change request since the last update which seeks to correct minor errors and make non-material changes to the NER. There have been no new draft determinations.

There has been one new final determination which will enhance System Restart Ancillary Services to improve power system resilience.

🛒 National Energy Retail Rules

There has been one new rule change request since the last update which seeks to correct minor errors and make non-material changes to the NERR.

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

🔥 National Gas Rules

There has been one new rule change request since the last update which seeks to correct minor errors and make non-material changes to the NGR.

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

↔ Opportunities for Stakeholders

Submissions on the 'Minor Changes 2 2020' rule change requests in respect of the NER, NERR and NGR close on 14 May 2020.



Energy Reform

Twice the fun: The ESB looks at the possibility of a two-sided NEM

On 20 April 2020, the Energy Security Board (*ESB*) released a discussion paper on the benefits and opportunities of moving to a two-sided wholesale market.

Advances in technology and digitisation are removing traditional barriers to energy being bought and sold dynamically via two-sided markets. Two-sided markets promote direct interaction between customers and suppliers, allowing customers to consume electricity when it is most affordable and export it back to the grid when its value rises.

The discussion paper identifies potential benefits of moving to a two-sided wholesale market and examines a series of key design considerations, which include:

- how end users would participate in the market, through scheduling and bidding obligations;
- the range of end users who would participate on the demand side of the market;
- the approach to access, charging and integration of distributed energy resources;
- how a two-sided market might interact with ahead markets; and
- the potential for individualised provision of reliability in a two-sided market.

The report identifies a set of consultation questions for stakeholders in respect of each design concept.

Submissions on the discussion paper are due on 18 May 2020. Further opportunities for comment will occur throughout 2020 as the ESB continues to evaluate various options to identify a recommended design by the end of 2020.

Read more [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

Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests (since last update 1 April 2020)					
Minor changes 2 2020 (NER and NERR)	AEMC	16 April 2020	Consultation on rule change request	14 May 2020	<p>This rule corrects minor errors and makes non-material changes to the NER and NERR.</p> <p>Submissions on the rule change request close on 14 May 2020. The AEMC will use an expedited process unless it receives any valid objections by 30 April 2020.</p> <p>Read more here.</p>
Existing rule change requests (as at last update 1 April 2020)					
Connection to dedicated connection assets	AEMO	5 March 2020	Consultation on rule change request	Deadline passed (2 April 2020)	<p>This rule change request seeks to amend the NER to clarify current arrangements for transmission connections to a dedicated connection asset (DCA).</p> <p>DCAs connect a party to the shared transmission system at a single connection point. Although multiple facilities may be connected to the same shared DCA, current connection arrangements assign only one financially responsible market participant (FRMP) to a single DCA connection point and this FRMP must comply with the relevant NER requirements.</p> <p>AEMO is concerned that the current arrangements create the following issues:</p> <ul style="list-style-type: none"> • difficulties with negotiating and enforcing an overall performance standard for all facilities connected to a DCA; • settlement issues due to the absence of metering installations for each connected facility; and • inability to determine marginal loss factors for individual generators. <p>This rule change request seeks to create additional (and separate) connection points and metering installations at the point where each facility connects to a DCA to enable key NER requirements and obligations to apply to each connected party.</p> <p>As part of the request AEMO has also suggested it may be appropriate to revisit the differentiation between 'small' and 'large' DCAs in the third party access regime.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>On 5 March 2020, the AEMC published a consultation paper on the rule change request. Submissions on the rule change request were due 2 April 2020.</p> <p>Read more here.</p>
Removal of disincentives to primary frequency response	AEMO	19 September 2019	Preparation of draft determination	Deadline passed (31 October 2019)	<p>This rule change request seeks to amend the NER to address perceived disincentives to the voluntary provision of primary frequency response (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 and have now been finally determined (see below).</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 distinctive 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 December 2019, the AEMC extended the period of time for making the draft determination to 24 September 2020.</p> <p>Read more here.</p>
Introduction of metering coordinator planned interruptions	Chair of the Competitive Industry Metering Group (sub-branch of Master Electricians Australia)	29 August 2019	Preparation of final determination	Deadline passed (24 April 2020)	<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 19 December 2020, the AEMC published a draft determination for a more preferable rule. Submissions on the draft determination were due 13 February 2020.</p> <p>On 19 March 2020, the AEMC extended the period of time to make a final</p>

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					<p>determination to 21 May 2020 to allow for further consultation. The AEMC held a virtual workshop with stakeholders on 20 April 2020 and also accepted further written feedback received prior to 24 April 2020.</p> <p>Read more here.</p>
Wholesale demand response mechanism	Public Interest Advocacy Centre, Total Environment Centre, The Australia Institute; Australian Energy Council; South Australian Minister for Energy	15 November 2018	Consultation on second draft determination	Deadline passed (23 April 2020)	<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 and two other rule change requests:</p> <ul style="list-style-type: none"> the 'Wholesale demand response mechanism' rule change request by the Australian Energy Council; and the 'Mechanisms for wholesale demand response' rule change request by the South Australian Minister for Energy. <p>On 18 July 2019, the AEMC consolidated these three rule change requests and published a draft determination. Submissions on the draft determination were due 12 September 2019.</p> <p>On 5 December 2019, the AEMC extended the time for making a final determination to 11 June 2020.</p> <p>The AEMC published a second draft determination and draft rule on 12 March 2020. The second draft rule implements a similar wholesale demand response mechanism to that set out in the previous draft determination, however the AEMC has made improvements to the mechanism designed to achieve:</p> <ul style="list-style-type: none"> lower implementation costs for AEMO; an earlier start date; and greater opportunities to learn about demand side participation in the event that a two-sided market is introduced.

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					<p>AEMO also published a high level design to assist stakeholders in understanding the implementation of the wholesale demand response mechanism.</p> <p>Submissions on the second draft determination and draft rule closed on 23 April 2020.</p> <p>Read more here.</p>

Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 April 2020)				
System restart services, standards and testing	2 November 2020	NER 2020 No. 6	2 April 2020	<p>This rule improves the provision and effectiveness of System Restart Ancillary Services (SRAS) to enhance the overall resilience of the power system to major supply disruptions.</p> <p>In particular, the final rule:</p> <ul style="list-style-type: none"> expands the definitions of SRAS and black start capability to allow AEMO to procure the services needed to effectively and promptly restore supply to consumers; clarifies that AEMO can take long term costs into account when procuring SRAS, to help reduce overall costs of sourcing SRAS; establishes a transparent framework for the physical testing of system restart paths; and clarifies the scope, form and content of SRAS communication protocols, to improve the processes that underpin the effectiveness of system restoration. <p>This final determination responds to two rule change requests, one from AEMO and the other from the AER, which were consolidated in September 2019.</p> <p>This final rule relates to the broader work the AEMC undertook in its Review of the South Australian Black system event which considered 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>Read more here.</p>
Other rules not yet commenced				
Mandatory primary frequency response	26 March 2020 4 June 2020 4 June 2023	NER 2020 No. 5	26 March 2020	<p>This rule requires all scheduled and semi-scheduled generators to support the secure operation of the power system by responding automatically to changes in power system frequency. The rule is designed to improve frequency control in the NEM.</p> <p>Key aspects of the rule include:</p> <ul style="list-style-type: none"> all scheduled and semi-scheduled generators, who have received a dispatch instruction to generate to a volume greater than 0 MW, must operate their plant in

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				<p>accordance with the performance parameters set out in the primary frequency response requirements (PFRR) as applicable to that plant;</p> <ul style="list-style-type: none"> • AEMO must consult on and publish the PFRR; and • generators may request and AEMO may approve variations or exemptions to the PFRR for individual generating plant. <p>This final determination relates to two rule change requests, one from AEMO and the other from private individual Dr Peter Sokolowski, which were consolidated in December 2019.</p> <p>Read more here.</p>
Minor changes 2020	19 March 2020 6 February 2022	NER 2020 No. 3	12 March 2020	<p>The rule corrects minor errors and makes non-material changes to the NER.</p> <p>The change to clause 3.15.5 of the NER will commence on 6 February 2022. All other changes to Chapters 3, 5 and 11 of the NER commenced on 19 March 2020.</p> <p>Read more here.</p>
Regulating conditional discounting	1 July 2020	NERR 2020 No. 1	27 February 2020	<p>This rule regulates conditional discounting practices by energy retailer by restricting the level of conditional discounts and fees to the reasonable cost savings that a retailer would expect to make if a customer satisfies the conditions attached to the discount.</p> <p>This ensures that excessive penalties are not applied to customers (particularly vulnerable customers) who do not pay their bill before the due date.</p> <p>Read more here.</p>
Improving transparency and extending duration of MT PASA	5 March 2020 20 May 2020 20 August 2020	NER 2020 No. 1	20 February 2020	<p>This more preferable rule improves the transparency and accuracy of Medium-term Projected Assessment of System Adequacy (MT PASA) and will give the market more 'granular detail on projected assessments of power system reliability and generation availability.'</p> <p>Some of the key features of the rule include:</p> <ul style="list-style-type: none"> • extending the outlook of generation availability from two years to three years; • providing transparency of intending generation included as an MT PASA input; • requiring that participants provide MT PASA inputs that represent their current intentions and best estimates; and • requiring AEMO to publish the maximum and minimum values of daily forecast peak demand (from both the adjusted 50% and 10% probability of exceedance load

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				traces). Read more here .
Transmission loss factors	5 March 2020 1 July 2021	NER 2020 No. 2	27 February 2020	This more preferable rule provides AEMO with greater flexibility to refine and improve the methodology to determine marginal loss factors (MLFs). The rule: <ul style="list-style-type: none"> allows AEMO to consult with stakeholders on a range of calculation details and removes the requirement that the inter-regional loss factor must be calculated using a regression analysis; allows greater time periods to be used as the basis for calculating MLF values (removing the requirement that MLFs must be based on a 30 minute interval); and removes the requirement to treat network elements that solely or principally provide market networks service as invariant when calculating marginal losses. Read more here .
Application of compensation in relation to AEMO intervention	20 December 2019 1 July 2021	NER 2019 No. 13	19 December 2019	This rule limits the circumstances in which compensation is payable following an AEMO intervention event. Prior to this rule change, the NER required 'affected' participants' to be compensated when AEMO intervened in the market by either issuing a direction or activating the reliability and emergency reserve trader (RERT) mechanism. Under the current framework, affected participants can be compensated regardless of the reason for the intervention or whether intervention pricing applies. This compensation was intended to put participants in the position they would have been in 'but for' the intervention. AEMO has proposed changes to the NER to only require for compensation to be payable in circumstances where there is an intervention event that triggers intervention pricing in accordance with the revised 'regional reference node' (RRN) test set out in clause 3.9.3(d) of the NER. This rule change was considered under the expedited process and is part of a package of three rules which relate to the intervention pricing and compensation frameworks that are triggered when AEMO intervened in the market. Read more here .
Application of the	20 December 2019	NER 2019 No	19 December 2019	This rule requires that AEMO apply the regional reference node test (RRN test) to the

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Regional Reference Node Test to the Reliability and Emergency Reserve Trader	1 July 2021	11		<p>Reliability and Emergency Reserve Trader (RERT).</p> <p>Prior to this rule change, the RRN test was only used to determine whether to apply intervention pricing when a direction was issued. Directions were used to address issues with signal strength and the RRN test asked if the issue that created the need for the direction was region-wide or localised. Intervention pricing would only apply where the issue was 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. The RRN test will now also 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 rule change amends the wording of NER to improve the clarity of the RRN test.</p> <p>This rule was considered as part of the AEMC's investigation into intervention mechanisms and system strength in the NEM. For more information see here.</p> <p>Read more here.</p>
Five minute settlement and global settlement implementation amendments	<p>12 August 2019 (amendments to the spot market operations timetable and transitional arrangements)</p> <p>1 July 2021 (commencement of the five minute settlement rule)</p> <p>6 February 2022 (commencement of the Global settlement and market reconciliation)</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"> 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>Regarding wholesale market operations for five minute settlement, the rule:</p> <ul style="list-style-type: none"> enables AEMO to calculate Marginal Loss Factors using 30 minute or shorter resolution data intervals; provides for fast-start inflexibility profiles in pre-dispatch; and provides that the Reliability Standard and Settings Guidelines need not be

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	rule)			<p>amended as part of the transitional arrangements for five minute settlement.</p> <p>Regarding global settlement, the rule clarifies that:</p> <ul style="list-style-type: none"> • non-contestable unmetered loads are to be assigned to the most appropriate Transmission Node Identified (TNI) or Virtual Transmission Node (VTN); • retailers do not have financial responsibility at a transmission or distribution boundary point; • customer loads are market loads; and • Unaccounted for Energy (UFE) will not be allocated to distribution-connected generators. <p>Regarding information provision, the rule:</p> <ul style="list-style-type: none"> • provides that AEMO need not run a Rules Consultation process when making minor or administrative amendments to the spot market operations timetable; and • 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. <p>Read more here.</p>
Intervention compensation and settlement processes	30 May 2019 1 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. The new rule responds to two related rule change requests by AEMO which were consolidated by the AEMC.</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</p>

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				<p>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>
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	NER 2017 No. 15	28 November 2017	<p>This rule amends the NER to reduce the settlement interval from 30 minutes to five minutes. As a result, the spot price for electricity on the wholesale market will be determined for each five minute trading interval instead of the average of dispatch prices across a 30-minute timeframe. This change aligns the operational dispatch and financial settlement periods, with a view to encouraging contestability of demand response technology and improving incentives for more efficient generation. The rule applies differently between meter specifications. Types 1, 2 and 3 meters will need to record and provide five minute data from 1 July 2021. With certain exceptions, data from types 4, 4A, 5 and 6 meters that have already been installed will be profiled to five minute intervals by AEMO. From 1 December 2018 and 1 December 2019 all new or replaced type 4 and type 4A meters, respectively, 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 (as at last update 1 April 2020)					
Minor changes 2 2020	AEMC	16 April 2020	Consultation on rule change request	14 May 2020	<p>This rule change proposal corrects minor errors and makes non-material changes to the NGR.</p> <p>Submissions on the rule change request close on 14 May 2020. The AEMC will use an expedited process unless it receives any valid objections by 30 April 2020.</p> <p>Read more here.</p>
Existing rule change requests (as at last update 1 April 2020)					
There are no existing rule change requests for which a determination has not been made.					

Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 April 2020)				
There have been no final rule determinations since the last update.				
Other rules not yet commenced				
DWGM simpler wholesale price	19 March 2020 31 March 2020 1 January 2023	NER 2020 No. 2	12 March 2020	<p>This more preferable rule amends the NGR to simplify wholesale pricing in relation to the Victorian Declared Wholesale Gas Market (<i>DWGM</i>) by:</p> <ul style="list-style-type: none"> requiring that when AEMO produces pricing schedules, which determine market prices, it takes into account any transmission constraints that affect withdrawals of gas at system withdrawal points at which withdrawal bids may be made; and removing the link between authorised maximum daily quantity (<i>AMDQ</i>) or capacity certificates and uplift payments, so that a congestion uplift category is no longer required. <p>The final rule differs from the draft rule such that the NGR no longer requires a congestion uplift category. On the basis of stakeholder consultation, the AEMC considered such a baseline-based mechanism did not appropriately allocate 'cost to cause' and would involve unwarranted complexity and cost.</p> <p>The rule sets out the following timing for commencement of the rule:</p> <ul style="list-style-type: none"> amendments for transitional arrangements commenced on 19 March 2020; amendments relating to accounting for transmission constraints that affect withdrawals of gas at system withdrawal points in the pricing schedule commenced on 31 March 2020; and amendments relating to the congestion uplift framework are to commence on 1 January 2023, immediately after the <i>National Gas Amendment (DWGM improvements to AMDQ regime) Rule 2020</i> commences (see below). <p>The rule change responds to two rule change requests which were consolidated by the AEMC on 14 March 2019.</p> <p>Read more here.</p>
DWGM improvement to AMDQ regime	19 March 2020 1 January 2023	NER 2020 No. 1	12 March 2020	<p>This rule improves the AMDQ regime by making it easier for participants to trade and allocate pipeline capacity rights in the DWGM.</p>

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				<p>The final rule retires the current instruments of authorised MDQ and AMDQ credit certificates (AMDQ cc), and replaces these with a new regime consisting of:</p> <ul style="list-style-type: none"> • entry capacity certificates that provide injection tie-breaking benefits; and • exit capacity certificates that provide withdrawal tie-breaking benefits. <p>The changes do not affect current holders of AMDQ cc as these expire before the commencement of the new regime on 1 January 2023. The Commission has decided not to grant capacity certificates under the new regime to current holders of authorised MDQ, including tariff D customers, in order to simplify the framework by removing the distinction between authorised MDQ and AMDQ cc and to create a level playing field for market participants to obtain the benefits of injection and withdrawal tie-breaking.</p> <p>The allocation of capacity certificates will primarily occur via the capacity certificates auction, which will be operated by AEMO. The final rule includes a number of requirements to implement the capacity certificates auction.</p> <p>Market participants can trade capacity certificates between each other and AEMO will develop Capacity Certificates Transfer Procedures for requests to AEMO to transfer capacity certificates to give effect to a trade. AEMO will report information about capacity certificate transfers and develop a listing service, which market participants can use to list any capacity certificates they may want to buy or sell.</p> <p>The new regime will commence on 1 January 2023, which is consistent with the start of the next DTS access arrangement period. The first auction of the new certificates must be conducted prior to this date. Prior to the first auction, AEMO is required to amend existing procedures and make new procedures required by the final rule and to conduct the first system capability modelling.</p> <p>The listing service for buying and selling capacity certificates will also commence from 1 January 2023. Amendments for transitional arrangements commenced on 19 March 2020.</p> <p>Read more here.</p>

Disclaimer

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