



National Electricity and Gas Rules Update 2020

June 2020 | Rule changes as at 1 July 2020

⚡ National Electricity Rules

There have been three new rule change requests since the last update which relate to determination of compensation following directions for services other than energy and market ancillary services; compensation of participants affected by AEMO intervention events; and the creation of technical standards for distributed energy resources.

There have been two new draft determinations since the last update which relate to changes to intervention mechanisms and removal of the intervention hierarchy. There has been one new final determination to introduce a wholesale demand response mechanism.

🛒 National Energy Retail Rules

There have been no new rule change requests or draft determinations since the last update.

There has been one new final determination in which the AEMC decided the introduction of a wholesale demand response mechanism did not also require a retail rule change.

🔥 National Gas Rules

There have been no new rule change requests or draft determinations since the last update.

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

↔ Opportunities for Stakeholders

Submissions on the 'Compensation following directions for services other than energy and market ancillary services' and 'Compensation for market participants affected by intervention events' consultation papers are due by 16 July 2020.

Submissions on the 'Technical standards for distributed energy resources' consultation paper are due by 23 July 2020.

Submissions on the 'Changes to intervention mechanisms' and 'Removal of intervention hierarchy' draft determinations are due by 30 July 2020.

Allens is an independent partnership operating in alliance with Linklaters LLP.



Energy Reform

AEMO's high-level design for the wholesale demand response mechanism

On 11 June 2020, AEMO released a [high-level design](#) document outlining how it will operationalise the wholesale demand response mechanism (**WDRM**), as described in the AEMC's recent final determination and rule for the introduction of the WDRM.

The objective of the WDRM is to provide a price incentive for consumers to reduce their electricity demand during peak periods, effectively acting as a substitute for increasing generation.

Participants wishing to bid demand response directly into the wholesale market will need to register with AEMO as a demand response service provider (**DRSP**).

DRSPs will be associated with one or more Wholesale Demand Response Units (**WDRU**). Each WDRU will have a maximum responsive component which will be the portion of load at the relevant connection point(s) that is controllable and able to provide demand response.

When a DRSP wishes to provide demand response, it will be able to bid in some or all of its demand responsive component at the price above which it is prepared to respond. When the market price reaches this bid price, the associated WDRU will be issued with a reduction target which the DRSP must then meet. When a DRSP does not wish to provide demand response, it will be required to bid to ensure the associated WDRU is not dispatched.

Following initial registration and classification of WDRU(s), DRSPs will be able to apply to classify further qualifying loads as WDRUs and to have WDRUs aggregated. Each application for registration, classification and aggregation will incur a fee.

AEMO continues to work on additional design elements, including the establishment of a baseline methodology to quantify a DRSP's actual demand reduction, as well as the development of a new system for portfolio management.

Registration of DRSPs and WDRUs is scheduled to commence in July 2021, followed by a market trial in September 2021 and a go live date for the WDRM of 24 October 2021.

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:

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

For further information please contact:



Kate Axup

Partner
Melbourne
T +61 3 9613 8449
Kate.Axup@allens.com.au



Anna Collyer

Partner
Melbourne
T +61 3 9613 8650
Anna.Collyer@allens.com.au



Andrew Mansour

Partner
Sydney
T +61 2 9230 4552
Andrew.Mansour@allens.com.au



John Greig

Partner
Brisbane
T +61 7 3334 3358
John.Greig@allens.com.au



Jodi Reinmuth

Partner
Perth
T +61 8 9488 3702
Jodi.Reinmuth@allens.com.au



Andrew Pascoe

Partner
Perth
T +61 8 9488 3741
Andrew.Pascoe@allens.com.au



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 June 2020)					
Compensation following directions for services other than energy and market ancillary services	AEMO	11 June 2020	Consultation on rule change request	16 July 2020	<p>This rule change request seeks to amend the NER in relation to the determination of compensation following AEMO directions for services other than energy and market ancillary services. Examples of 'other services' include a direction for a generator to remain in service as a synchronous condenser to provide voltage support, or a direction for a battery to maintain a specified state of charge to maintain system security.</p> <p>Currently, when a participant is directed to provide other services, it may be compensated under the fair payment price (FPP) framework set out in clause 3.15.7A of the NER. If a participant is still out of pocket, it may lodge a claim for additional compensation through a separate second process under clause 3.15.7B of the NER.</p> <p>AEMO considers that this two-step process creates an unnecessary delay in finalising compensation for directed participants and has proposed an alternative one-step process, where the fair payment price and additional compensation can be determined at the same time. This change may improve administrative efficiency of the compensation process.</p> <p>On 11 June 2020, the AEMC published a consultation paper on the proposal seeking to understand whether a single step process would be more administratively efficient as well as asking for any alternative options to the proposal which would better contribute to the long term interests of consumers.</p> <p>Submissions on the consultation paper are due by 16 July 2020.</p> <p>Read more here.</p>
Compensation for market participants affected by	AEMO	11 June 2020	Consultation on rule change request	16 July 2020	<p>This rule change request is a consolidation of two requests submitted by AEMO which relate to the compensation payable to participants affected by an AEMO intervention event. The rule change request seeks to:</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
intervention events					<ul style="list-style-type: none"> include losses related to market ancillary services in the list of factors that can be considered when determining additional compensation claims lodged by affected participants; and amend the way that compensation is calculated for market customers with scheduled loads which are dispatched differently as a result of an AEMO intervention event. <p>On 11 June 2020, the AEMC published a consultation paper seeking to understand a number of issues in relation to AEMO's proposed rule change, including:</p> <ul style="list-style-type: none"> whether affected participant compensation should encompass losses associated with frequency control ancillary services (FCAS) in addition to losses associated with electricity; and whether 'BidP', an input in the formula used to calculate compensation for scheduled loads, should be amended so it refers to the highest priced band from which the scheduled load is dispatched. <p>Submissions on the consultation paper are due by 16 July 2020.</p> <p>Read more here.</p>
Technical standards for distributed energy resources	AEMO	25 June 2020	Consultation on rule change request	23 July 2020	<p>This rule change request seeks to create a framework for setting technical standards for DER.</p> <p>Currently, there is no uniform minimum technical standard across the NEM for DER. AEMO proposes that technical standards are necessary given the substantial consumer uptake in DER in Australia and the system security issues this is likely to create.</p> <p>AEMO's proposed rule change would:</p> <ul style="list-style-type: none"> create an obligation on AEMO to develop a subordinate instrument for setting minimum technical standards for DER; and include a new high-level definition of DER in the NER. <p>On 25 June 2020, the AEMC published a consultation paper seeking stakeholder feedback on the scope of the proposed minimum technical standards, as well as compliance and monitoring issues. AEMO will undertake its own consultation process concurrently with this rule change process in order to have a first set of minimum technical standards completed and ready for implementation by the time this rule</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>change process is finalised.</p> <p>Submissions on the AEMC's consultation paper are due by 23 July 2020.</p> <p>Read more here.</p>
Existing rule change requests (as at last update 1 June 2020)					
Changes to intervention mechanisms	AEMO	28 May 2020	Consultation on draft determination	30 July 2020	<p>This rule change request is a consolidation of three rule change requests made by AEMO to amend the NER to:</p> <ul style="list-style-type: none"> formalise the basis for recovering the cost of affected participant compensation as a result of reliability and emergency reserve trader (RERT) activation; remove the mandatory restrictions framework; and remove the obligation on AEMO to counteract when it intervenes in the electricity market. <p>These requests are now being considered through a single rule change process.</p> <p>The proposed formalisation of the recovery of amounts paid to affected participants as a result of the exercise of the RERT addresses current uncertainty in clause 3.15.9 of the NER. AEMO's proposed amendments reflect its approach to exercising the RERT in 2018 and 2019, that is:</p> <ul style="list-style-type: none"> costs of compensating participants affected by a RERT activation will be recovered from market participants; costs will be allocated to market customers in the region in which the RERT was exercised; and costs within a region will be allocated to market customers in proportion to the energy consumed in a trading interval. <p>The removal of the mandatory restrictions framework and obligation on AEMO to counteract was recommended by the AEMC in its 15 August 2019 report Investigation into intervention mechanisms in the NEM. The mandatory restrictions framework was introduced to the NER in 2001 to address supply shortages but has never been used. AEMO's counteraction obligation is designed to minimise the number of affected participants and the impact on interconnector flows during an AEMO intervention event. However, counteraction is becoming less feasible in situations of high renewable energy generation and low synchronous generation. This counteraction obligation also conflicts with AEMO's obligation to minimise the cost of interventions.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>The consolidated rule change request is being fast-tracked as stakeholder feedback on these issues was initially sought and received by the AEMC in 2019 in preparing the aforementioned report.</p> <p>A draft determination and rule which applies AEMO's proposed changes were published by the AEMC on 18 June 2020.</p> <p>The draft determination is open to stakeholder feedback. Submissions close on 30 July 2020.</p> <p>Read more here.</p>
Removal of intervention hierarchy	AEMO	28 May 2020	Consultation on draft determination	30 July 2020	<p>This rule change request seeks to remove the current requirement under the NER for AEMO to exercise the Reliability and Emergency Reserve Trader (RETR) before issuing directions or instructions during an AEMO intervention event. The proposal seeks to replace this requirement with a principle requiring AEMO to endeavour to minimise costs and maximise the effectiveness of an intervention.</p> <p>The removal of the intervention hierarchy was recommended by the AEMC in its 15 August 2019 report Investigation into intervention mechanisms in the NEM.</p> <p>The rule change request is being fast-tracked as stakeholder feedback on the issue was initially sought and received by the AEMC in 2019 as part of preparing the aforementioned report.</p> <p>A draft determination and rule were published by the AEMC on 18 June 2020.</p> <p>The draft rule removes the current hierarchy for the use of intervention mechanisms and also extends transparency and accountability arrangements to encompass AEMO's decision making on the selection of intervention mechanisms.</p> <p>The draft determination includes transitional arrangements allowing the rule to come into effect prior to summer 2020-21.</p> <p>The draft determination is open to stakeholder feedback. Submissions close on 30 July 2020.</p> <p>Read more here.</p>
Deferral of network charges	AER	28 May 2020	Consultation on rule change	Deadline passed (25	<p>This rule change request seeks to provide an extended due date for retailers to pay electricity network charges in respect of customers suffering hardship or on deferred</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
			request	June 2020)	<p>payment arrangements. The proposed new rule would defer eligible network charges incurred by retailers during the period from 1 July 2020 to 31 December 2020.</p> <p>The rule change request follows the 27 March 2020 release of AER's Statement of Expectations which encouraged retailers to assist residential and small business customers by offering payment plans and not disconnecting customers for non-payment.</p> <p>On 28 May 2020, the AEMC published a consultation paper seeking to understand how COVID-19 has impacted retailers' cash flows and the parameters of a potential payment deferral mechanism. This was followed on 1 June 2020 by a stakeholder briefing.</p> <p>Submissions to the consultation paper were due by 25 June 2020. The AEMC will use an expedited process to consider this rule change request. Objections to the use of the expedited process were due on 11 June 2020.</p> <p>The AEMC expects to make a final determination on the rule change request by 23 July 2020.</p> <p>Read more here.</p>
Delayed implementation of five minute and global settlement	AEMO	14 May 2020	Consultation on rule change request	Deadline passed (11 June 2020)	<p>This rule change request seeks to delay the implementation of the five minute settlement and global settlement market reconciliation rule changes by 12 months.</p> <p>Currently, the commencement of the five minute settlement rule is scheduled for 1 July 2021, and the global settlement and market reconciliation rule for 5 February 2022 (for more information on this rule change, see 'Other rules not yet commenced' below).</p> <p>The implementation of the five minute settlement rule change requires significant effort from AEMO and market participants. AEMO proposes that a delay to the commencement date will ensure that sufficient human and financial resources can be directed towards core energy supply responsibilities and customer support during the current COVID-19 pandemic.</p> <p>On 14 May 2020, the AEMC published a consultation paper on the proposal seeking to understand both the impact of COVID-19 on market participants as well as the impact of a delay to the commencement of the rule changes. This was followed on 21</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>May 2020 by a stakeholder briefing.</p> <p>Submissions to the consultation paper were due on 11 June 2020. The AEMC is using the expedited process to consider this rule change request. Objections to the use of the expedited process were due on 28 May 2020.</p> <p>The AEMC expects to make a final determination on the rule change request by 9 July 2020.</p> <p>Read more here.</p>
Connection to dedicated connection assets	AEMO	5 March 2020	Preparation of draft determination	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> <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>On 7 July 2020, the AEMC conducted additional consultation through a stakeholder webinar.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>The AEMC has extended the time for making the draft determination and draft rule until 20 August 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 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 December 2019, the AEMC extended the period of time for making the draft determination to 24 September 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 June 2020)				
Wholesale demand response mechanism	31 March 2021 (Rule 3.7D – Demand side participation) 24 October 2021 (Chapters 1, 2, 3, 4, 4A, 7, 10)	NER 2020 No. 9	11 June 2020	<p>This final rule and determination set out a series of changes to the NER to facilitate a wholesale demand response mechanism in the NEM, responding to one of the recommendations from the AEMC's recent Reliability Frameworks Review.</p> <p>Under the final rule, a new category of market participant, a Demand Response Service Provider (DRSP), will be able to submit demand response offers to the wholesale market that will be scheduled in a manner similar to bids from generators. The DRSP will receive the spot price for the reduction in demand which it would then share with its customers.</p> <p>The mechanism introduced under the final rule is designed to provide greater opportunities for large customers to participate in the wholesale market by bidding in demand reductions as a substitute for generation, thereby unlocking under-utilised demand response in the NEM. The mechanism will promote greater demand side transparency, as well as price and reliability-related benefits.</p> <p>On 11 June 2020, AEMO also published a high level design to assist stakeholders in understanding the implementation of the wholesale demand response mechanism.</p> <p>The AEMC also determined that a retail rule change to the NERR was unnecessary, as the new mechanism does not extend to small customers.</p> <p>Read more here.</p>
Other rules not yet commenced				
Minor changes 2 2020 (NER and NERR)	4 June 2020 (NER changes) 21 August 2020 (NERR changes)	NER 2020 No. 8 NERR 2020 No. 4	28 May 2020	<p>This rule corrects minor errors and makes non-material changes to the NER and NERR.</p> <p>Read more here and here.</p>
Introduction of metering coordinator planned interruptions	28 May 2020 21 July 2020 (Schedule 1 (NER, NERR))	NER 2020 No. 7 NERR 2020 No. 3	21 May 2020	<p>This rule amends the NER and NERR to provide greater certainty to customers with shared fusing at their premises on when their electricity meter will be installed.</p> <p>Under the final rule, where the installation of a meter requires interruption to other</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
	21 August 2020 (Schedule 2 (NERR)) 1 July 2021 (Schedule 2 (NER))			<p>customers, retailers will be required to provide a meter installation by a date agreed with the customer. If no date is agreed, the retailer must arrange for the installation of the meter within 30 business days of discovering the shared fusing.</p> <p>If a retailer requests a DNSP to carry out a distributor planned interruption to enable the retailer to effect a meter installation or replacement, the DNSP must carry out the interruption on the date agreed with the retailer and the customer. If no date is agreed, the DNSP must carry out the interruption within 25 business days of the date of request from the retailer.</p> <p>The final rule also introduces a 30 business day timeframe requirement on the metering coordinator to rectify metering malfunctions where the rectification could not be implemented without interrupting supply to other customers, unless an exemption was sought from and granted by AEMO</p> <p>The final rule also requires distributors to record shared fusing information as soon as practicable after becoming aware of shared fusing arrangements.</p> <p>Read more here.</p>
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</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>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>
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 accordance with the performance parameters set out in the primary frequency response requirements (PFRR) as applicable to that plant; 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>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
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 traces). <p>Read more here.</p>
Transmission loss factors	5 March 2020 1 July 2021	NER 2020 No. 2	27 February 2020	<p>This more preferable rule provides AEMO with greater flexibility to refine and improve the methodology to determine marginal loss factors (MLFs).</p> <p>The rule:</p> <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. <p>Read more here.</p>
Application of compensation in relation to AEMO intervention	20 December 2019 1 July 2021	NER 2019 No. 13	19 December 2019	<p>This rule limits the circumstances in which compensation is payable following an AEMO intervention event.</p> <p>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</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>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.</p> <p>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.</p> <p>Read more here.</p>
Application of the Regional Reference Node Test to the Reliability and Emergency Reserve Trader	20 December 2019 1 July 2021	NER 2019 No 11	19 December 2019	<p>This rule requires that AEMO apply the regional reference node test (RRN test) to the 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	12 August 2019 (amendments to the spot market operations)	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.

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
implementation amendments	<p>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 rule)</p>			<p>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.</p> <ul style="list-style-type: none"> 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 amended as part of the transitional arrangements for five minute settlement. <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	<p>30 May 2019</p> <p>1 July 2021</p>	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>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<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; and aligning the compensation timetable for all interventions with the settlement table. <p>In addition, Schedule 2 of the final rule adds a minor terminology change for consistency with the commencement of the five-minute settlement. Schedule 2 commences on 21 July 2021. The remaining substantive provisions of the rule commenced on 30 May 2019.</p> <p>Read more here.</p>
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 is set to fully commence on 6 February 2022; however this start date is now likely to be delayed as a result of the <i>Delayed implementation of five minute and global settlement</i> rule change request (described above).</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	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</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
	1 July 2021			<p>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, however this start date is now likely to be delayed as a result of the <i>Delayed implementation of five minute and global settlement</i> rule change request (described above).</p> <p>Read more here.</p>



National Gas Rules

Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests (since last update 1 June 2020)					
There have been no new rule change requests since the last update.					
Existing rule change requests (as at last update 1 June 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 June 2020)				
There have been no new 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	NGR 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 (DWGM) 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 (AMDQ) 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	NGR 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>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<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

The content of this document is intended only to provide a summary and general overview on matters of interest. It is not intended to be comprehensive nor does it constitute legal advice. We attempt to ensure the content is current, but we do not guarantee its currency. You should seek legal or other professional advice before acting or relying on any of the content.

Allens is not responsible to you or anyone else for any loss suffered in connection with the use of this document.

Allens makes no warranties or representations about this document or any of its content. We exclude, to the maximum extent permitted by law, any liability which may arise as a result of the content of this document.

Where liability cannot be excluded, any liability incurred by us in relation to the content of this document is limited as provided under the *Competition and Consumer Act 2010* (Cth) (Schedule 2, s 64A). We will never be liable for any indirect, incidental, special or consequential loss arising out of the use of this document, including loss of business profits.

Unless otherwise indicated, Allens owns the copyright in the content of this document. Some of the copyright in the content may be owned by someone else and is included on our website under a licence or agreement.

You may only use the content of this document for non-commercial or personal use unless you have prior written approval from us. You may print out any content of this document for personal use. All other use, copying or reproduction of this document or any part of it is prohibited (except to the extent permitted by law). None of the content or any part of it may be reproduced on any internet website.

If you seek to reproduce or otherwise use the content in any way it is your responsibility to obtain approval for such use where necessary.