

# National Electricity and Gas Rules Update 2020

November 2020 | Rule changes as at 1 December 2020

## ⚡ National Electricity Rules

New requests	2	<i>Participant derogation – financeability of ISP Projects (TransGrid); Participant derogation – financeability of ISP Projects (ElectraNet)</i>
New draft determinations	2	<i>Semi-scheduled generator dispatch obligations; Connection to dedicated connection assets</i>
New final determinations	2	<i>Simplification of NER definitions; Transparency of unserved energy calculation</i>

## 🛒 National Energy Retail Rules

New draft determinations	1	<i>Maintaining life support customer registration when switching</i>
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## 🔥 National Gas Rules

No new rule change requests, draft determinations or final determinations.

## ↔ Opportunities for Stakeholders

Due by	Opportunity for submissions
17 Dec 2020	Consultation paper – <i>Generator registration thresholds; Improving connection processes for embedded generators</i>
14 Jan 2021	Draft determination – <i>Maintaining life support customer registration when switching; Semi-scheduled generator dispatch obligations</i>
28 Jan 2021	Draft determination – <i>Connection to dedicated connection assets</i>



## Energy Reform

### The AER seeks stakeholder feedback on its latest ring-fencing issues paper for DNSPs

On 20 November 2020, the AER published an issues paper as part of its ongoing review of the Electricity Distribution Ring-Fencing Guideline (**Distribution Guideline**). Ring-fencing involves the identification and separation of network services provided on a monopoly basis (eg, transmission and distribution services) from the delivery of other services provided on a contestable basis. Legal, accounting, functional and information separation is used to ring-fence a NSP's monopoly services from its contestable services.

This particular issues paper seeks stakeholder feedback on how the Distribution Guideline can accommodate the adoption of new technologies, particularly stand-alone power systems (**SAPS**) and storage devices, in order to support their adoption by NSPs while still ensuring effective competition in the associated emerging markets:

1. SAPS are electricity systems that are not connected to the national grid, which in some settings can offer a cheaper, more reliable option than traditional poles and wires. Given SAPS are not physically connected to the NEM, they are not covered by the economic regulation contained in the NER and National Electricity Law. The AER is considering adopting recommendations made by the AEMC to split each of the SAPS into a SAPS distribution system (regarded as a distribution service) and a SAPS generation system (to be provided by a third party or DNSP affiliate). Feedback is sought on the appropriate process for DNSPs to obtain exemptions or waivers to enable them to provide SAPS generation services and SAPS distribution services simultaneously.
2. Storage devices (eg, batteries) enable 'value stacking' across multiple services, including the provision of network services, wholesale energy services, frequency control ancillary services (**FCAS**) and energy storage services, which significantly increases their overall competitiveness. However, under current ring-fencing rules DNSPs are only allowed to use storage devices to provide distribution services. As identified in the issues paper, if DNSPs were allowed to use storage devices to provide distribution and non-distribution services there would be a risk of cross-subsidisation of the DNSP's contestable services. The AER is seeking feedback on how the benefits, harms and risks could be managed and how they should be weighed to determine if a DNSP should be granted a waiver.

The issues paper also seeks feedback on a number of miscellaneous changes to improve certain existing ring-fencing obligations, aimed at making the Distribution Guideline clearer and less administratively complex.

Submissions on the issues paper are due by 21 December 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:

<b>NER</b>	National Electricity Rules	<b>NEM</b>	National Electricity Market
<b>NERR</b>	National Energy Retail Rules	<b>AER</b>	Australian Energy Regulator
<b>NGR</b>	National Gas Rules	<b>DNSP</b>	Distribution Network Service Provider
<b>AEMC</b>	Australian Energy Market Commission	<b>TNSP</b>	Transmission Network Service Provider
<b>NECF</b>	National Energy Customer Framework	<b>NSP</b>	Network Service Provider
<b>AEMO</b>	Australian Energy Market Operator	<b>COAG</b>	Council of Australian Governments
<b>ESB</b>	Energy Security Board	<b>DER</b>	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 November 2020)					
Participant derogation – financeability of ISP Projects (TransGrid)	TransGrid	5 November 2020	Consultation on rule change request	Deadline passed (3 December 2020)	<p>This rule change request, made in the form of a participant derogation, seeks to amend the NER to enable TransGrid to establish finance for its actionable Integrated System Plan (<b>ISP</b>) projects. Given the unprecedented levels of transmission investment identified in the ISP, TransGrid is concerned that the current economic regulatory framework will create a profile of cash flows that will make it difficult for TransGrid to secure financing.</p> <p>The rule change request proposes two changes to the economic regulatory framework:</p> <ul style="list-style-type: none"><li>the application of a nominal rate of return on an unindexed regulatory asset base (<b>RAB</b>) for actionable ISP projects, instead of the current usage of a real rate of return framework on an indexed RAB; and</li><li>the recognition of depreciation for actionable ISP projects on an 'as incurred', rather than 'as commissioned', basis.</li></ul> <p>TransGrid argues that the proposed changes will bring forward the revenues necessary to finance actionable projects of the ISP while maintaining NPV neutrality.</p> <p>The proposed changes would be applied to TransGrid's share of ISP projects approved through the regulatory process after the date of commencement of the rule, along with any ISP projects for which TransGrid lodged a contingent project application with the AER after 1 September 2020 but before the commencement date. TransGrid's current ISP projects that would be captured by the proposed rule change are Project EnergyConnect and HumeLink.</p> <p>The AEMC is considering this request in parallel with ElectraNet's equivalent <i>Participant derogation – financeability of ISP Projects (ElectraNet)</i> request (see below) as both raise similar issues and seek similar outcomes. On 5 November 2020, the AEMC published a single consultation paper covering both of the requests. The</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>AEMC is also considering these two requests in the context of the AER's current review of the inflation methodology used in economic regulation of network assets, and intends to take into account the AER's final position, which is set to be released in December 2020.</p> <p>The AEMC has initiated this rule change request under the standard rule change process but will treat the request as a priority and work to an accelerated timeframe. A draft rule determination is expected to be published on 21 January 2021, with a final determination published by 31 March 2021.</p> <p>Submissions on the consultation paper were due by 3 December 2020.</p> <p>Read more <a href="#">here</a>.</p>
Participant derogation – financeability of ISP Projects (ElectraNet)	ElectraNet	5 November 2020	Consultation on rule change request	Deadline passed (3 December 2020)	<p>This rule change request, made in the form of a participant derogation, seeks to amend the NER to enable ElectraNet to establish finance for its actionable Integrated System Plan (<i>ISP</i>) projects.</p> <p>The AEMC is considering this rule change request in parallel with the <i>Participant derogation – financeability of ISP Projects (TransGrid)</i> request (see above) as both requests raise similar issues and seek similar outcomes. On 5 November 2020, the AEMC published a single consultation paper covering both of the requests.</p> <p>The proposed changes would be applied to ElectraNet's share of ISP projects approved through the regulatory process after the date of commencement of the rule, along with any ISP projects for which ElectraNet lodged a contingent project application with the AER after 1 September 2020 but before the commencement date. The proposed rule change would capture ElectraNet's South Australian share of Project EnergyConnect.</p> <p>Like TransGrid's request, this rule change request has been initiated under the standard rule change process but is being considered by the AEMC on an accelerated timeframe, with a final rule determination expected by 31 March 2021.</p> <p>Submissions on the consultation paper were due by 3 December 2020.</p> <p>Read more <a href="#">here</a>.</p>

Existing rule change requests (as at last update 1 November 2020)

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
Minor changes 4 2020	AEMC	29 October 2020	Consultation on rule change request	Deadline passed (26 November 2020)	<p>This rule change request seeks to correct minor errors and make non-material changes to the NER. The AEMC is undertaking an expedited process for this rule change request as it is considered non-controversial.</p> <p>Submissions on the rule change proposal were due by 26 November 2020.</p> <p>Read more <a href="#">here</a>.</p>
Semi-scheduled generator dispatch obligations	AER	15 October 2020	Consultation on draft determination	14 January 2021	<p>This rule change request seeks to ensure that semi scheduled generators are restricted from moving from their anticipated level of output without informing AEMO of that intention through a rebid and receipt of a revised dispatch target.</p> <p>Currently, semi scheduled generators are not subject to the same strict obligation to follow dispatch instructions as scheduled generators. The rule change request seeks to address recent behaviour of semi scheduled generators, particularly wind and solar operators during negative price events, from departing significantly from their dispatch instructions without an instruction from AEMO or valid rebid. The AER is concerned that, on a large scale, this behaviour has the potential to erode AEMO's management of system security, including reserves held for frequency management and contingency disturbances.</p> <p>After significant stakeholder consultation, AER has proposed a middle ground approach which would retain the semi scheduled category within the NER, but make amendments to require semi scheduled generators to follow their available resource except during a semi dispatch interval when output should be limited to the cap specified by AEMO.</p> <p>The rule change is being fast-tracked as the AER consulted with the public on the nature and content of the rule change request prior to its initiation with the AEMC.</p> <p>On 19 November 2020, the AEMC published a draft determination and rule. The draft rule would amend the NER to require semi-scheduled generators to meet a MW dispatch target (for a non semi-dispatch interval) or cap (for a semi-dispatch interval) subject to variations in resource availability. Submissions on the draft determination and rule are due by 14 January 2021.</p> <p>Read more <a href="#">here</a>.</p>
Generator	Australian	8 October 2020	Consultation on	17 December	This rule change request seeks to increase the participation of smaller generators in

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registration thresholds	Energy Council Mr Damien Vermeer		rule change request	2020	<p>central dispatch to enable improved management of the power system and the efficient, secure and reliable operation of the market. The request also proposes changes to AEMO's process for granting exemptions from being registered as a scheduled or non-scheduled generator.</p> <p>The rule change request seeks to:</p> <ul style="list-style-type: none"> <li>• reduce the threshold for classifying generators as non-scheduled from 30MW nameplate capacity to 5MW, making the default classifications for generators above 5MW scheduled (or semi-scheduled);</li> <li>• narrow the grounds upon which generators can be exempt from scheduling obligations; and</li> <li>• require AEMO to publish its reasons for exempting a person from the requirement to register as a generator, or for classifying a generating unit as non-scheduled.</li> </ul> <p>These proposed changes are aimed at addressing a concern that AEMO's ability to efficiently manage the power system is being compromised by the growing proportion of non-scheduled generation in the NEM, resulting from a trend towards the proliferation of smaller generators.</p> <p>Submissions on the consultation paper are due by 17 December 2020.</p> <p>Read more <a href="#">here</a>.</p>
Improving connection processes for embedded generators	Mr Damien Vermeer	8 October 2020	Consultation on rule change request	17 December 2020	<p>This rule change request seeks to amend the NER to remove ambiguities in the connection process for new embedded generators with nameplate capacities between 5 and 30 MW which intend to be exempt from the requirement to register as a generator with AEMO.</p> <p>The AEMC is consulting on this rule change request with the <i>Generator registration thresholds</i> rule change request (see above), as both rule change requests seek to amend the NER to address concerns about the registration and classification of generators.</p> <p>Read more <a href="#">here</a> and <a href="#">here</a>.</p>
Prudent discounts in an adoptive	The Honourable Lily D'Ambrosio MP, Minister for	8 October 2020	Consultation on rule change request	Deadline passed (5 November	<p>This rule change request seeks to make procedural changes to the operation of the prudent discounts framework in Victoria, which is an adoptive jurisdiction.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
jurisdiction	Energy, Environment and Climate Change, Minister for Solar Homes			2020)	<p>The proposed changes are intended to clarify the procedural roles and responsibilities of both AEMO, as the Victorian TNSP, and declared transmission service operators (<b>DTSOs</b>), which own the assets forming the transmission network in Victoria, and to clarify and improve the procedural rights of Victorian transmission customers who wish to request a prudent discount.</p> <p>The rule change request identifies three key issues with the existing framework:</p> <ul style="list-style-type: none"> <li>the rules do not impose an obligation on DTSOs to negotiate in good faith directly with a transmission customer who requests a discount;</li> <li>the rules do not impose an obligation on AEMO as the TNSP to provide reasons for refusing to agree to a discount or an obligation on the DTSO to provide reasons for refusing to consent to AEMO providing a discount; and</li> <li>there is a lack of clarity as to whether AEMO can propose to agree to a discount on a conditional basis, pending the outcome of an application to the AER for approval of recovery of the entire discount amount from other transmission customers.</li> </ul> <p>The rule change request seeks to resolve a gap in the procedural rights of transmission customers in Victoria compared to transmission customers in other NEM jurisdictions, where TNSPs have an obligation to negotiate with those customers in good faith, and where reasons for refusal must be provided if an application is made to the AER for recovery of an entire discount.</p> <p>Submissions on the consultation paper were due by 5 November 2020.</p> <p>On 26 November 2020 the AEMC extended the time for making a final rule determination by two weeks to 17 December 2020, to provide more time to consider a potential more preferable rule and whether any complexities with that approach are appropriately addressed.</p> <p>Read more <a href="#">here</a>.</p>
Bill contents and billing requirements	The Honourable Angus Taylor MP, Minister for Energy and Emissions	24 September 2020	Consultation on rule change request	Deadline passed (22 October 2020)	<p>This rule change request seeks to amend the NERR to deliver simpler and more understandable energy bills so that households and small business owners can better comprehend and manage their bills, and engage with the retail market to find better offers. The proposed rule would cover both electricity and gas bills.</p> <p>Currently, retailers are required to prepare an energy bill complying with 26 content</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
	Reduction				<p>requirements stipulated in the NERR. The overall format of the bills is not specified in the NERR, National Energy Retail Law or any other AER document.</p> <p>The proposed rule would replace the existing minimum content requirements in the NERR with objective and outcome-based principles, to which the AER would need to have regard when developing a new mandatory guideline. The guideline would act as a single point of reference on the required form, content and delivery of energy bills. Breaches of the guideline would be subject to a civil penalty so as to encourage retailer compliance.</p> <p>Submissions on the consultation paper were due by 22 October 2020.</p> <p>Read more <a href="#">here</a>.</p>
Integrating energy storage systems into the NEM	AEMO	20 August 2020	Consultation on rule change request	Deadline passed (15 October 2020)	<p>This rule change request seeks to amend the NER to support the participation of energy storage systems in the NEM.</p> <p>The proposed rule seeks to address issues AEMO has identified with how grid scale batteries, aggregations of smaller batteries, and grid-scale facilities that have a mix of technologies behind the connection point (hybrid facilities), register and participate in the NEM. AEMO suggests that the proposal would increase clarity and transparency for all stakeholders, remove barriers to entry for storage and hybrid facilities, and support the transition to an electricity system where more storage is needed to support variable renewable energy.</p> <p>The proposed rule change would define storage and hybrid facilities so that the NER better recognises storage and connection points with bi-directional flows. Currently, storage assets are treated as both 'load' and 'generation' since they can both consume and send out significant amounts of electricity. This new definition underpins AEMO's proposed solutions for how storage would register in the NEM and participate in dispatch, and also acts as a mechanism to clarify the fees and charges and other obligations that apply to storage.</p> <p>On 20 August 2020, the AEMC published a consultation paper seeking stakeholder feedback on the importance and urgency of these issues, and whether they require a regulatory solution. To the extent these issues are significant and require changes to the NER, the AEMC is also seeking feedback on whether the change needs to include specific definitions and rules for storage and hybrid facilities or whether a level playing</p>

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					<p>field could be achieved through more minimal changes to the existing framework.</p> <p>The AEMC has indicated it will assess the request over a longer period than the standard rule change process, given the complexity of the rule change, its interaction with ESB's post-2025 market design and the difficulties stakeholders face with the current COVID-19 pandemic.</p> <p>Submissions on the consultation paper were due by 15 October 2020.</p> <p>On 3 December 2020 the AEMC extended the time for making a draft determination to 29 April 2021. This extension will allow the AEMC to publish an options paper to engage further with stakeholders on a number of issues, particularly the participation framework and non-energy costs recovery. The options paper is due to be published in mid-December 2020 with submissions closing on 11 February 2021.</p> <p>Read more <a href="#">here</a>.</p>
Maintaining life support customer registration when switching	Energy & Water Ombudsman of New South Wales	6 August	Consultation on draft determination	14 January 2021	<p>This rule change request seeks to amend the NERR applying to the regulation of life support customers in the retail electricity market.</p> <p>The NERR requires retailers and DNSPs to register premises that have a person using life support equipment (such as an oxygen concentrator or kidney dialysis machine) that relies on electricity to operate. Under the current rules, an existing life support customer may be required to resubmit medical information to a retailer or DNSP when they switch energy providers or move premises. The Energy &amp; Water Ombudsman NSW has raised concerns that the costs of obtaining a new medical certificate each time a life support customer changes premises or retailer may deter these customers from accessing competitive retail offers.</p> <p>On 5 November 2020, the AEMC made a draft determination to make a more preferable draft rule. The draft rule amends the NER to enable customers to receive back and reuse their existing medical confirmation documents for the purpose of providing medical confirmation when changing retailer or distribution network service provider, provided the document is dated less than four years ago and is legible. Key components of the draft rule include:</p> <ul style="list-style-type: none"> <li>a requirement for the outgoing registration process owner (<b>RPO</b>) to return the medication confirmation documents within 10 business days of the customer's request (subject to applicable privacy laws);</li> </ul>

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					<ul style="list-style-type: none"> <li>requirements for RPOs to keep medical confirmation documents used to register a customer for 110 business days after the person has ceased to be a customer;</li> <li>a requirement for the incoming RPO to inform the customer that they may submit the medical confirmation document that they submitted to their previous retailer or distributor, provided it is less than four years old and is legible; and</li> <li>an updated definition of 'medical confirmation' to make clear that a medical certificate can be used as medical confirmation for life support requirements.</li> </ul> <p>The AEMC's belief is that, by enabling life support customers to reuse their existing medical confirmation documents, life support customers will be able to access retail competition at lower cost.</p> <p>Submissions on this draft determination and draft rule are due by 14 January 2021.</p> <p>Read more <a href="#">here</a>.</p>
Network planning and access for distributed energy resources	Total Environment Centre and Australian Council of Social Service	30 July 2020	Consultation on rule change request	Deadline passed (10 September 2020)	<p>This rule change request seeks to amend the NER applying to the economic regulation of DNSPs in the NEM.</p> <p>The Total Environment Centre and Australian Council of Social Service (<b>TEC/ACOSS</b>) rule change request is one of three requests related to export services that aim to better facilitate the efficient integration of DER for the grid of the future. The other requests were submitted by the St Vincent de Paul Society Victoria on 2 July 2020 (see below) and SA Power Networks on 7 July 2020 (see below).</p> <p>The TEC/ACOSS rule change request aims to prevent consumers who also produce energy ('prosumers') from facing export limits or being shut off, and to optimise existing and incentivise additional DER hosting capacity. The rule change request (which applies only to small customers consuming less than 100 or 160 kWh per year, depending on the jurisdiction) proposes incremental reforms focused on two aspects of DER exports:</p> <ul style="list-style-type: none"> <li><b>Planning and investment</b> – to use existing network capacity to integrate DER and encourage efficient network investment in new DER hosting capacity; and</li> <li><b>Access</b> – to allow choices for 'prosumers' to increase their export capacity in return for a guaranteed level of service, and ensure the equitable distribution of hosting capacity between prosumers.</li> </ul> <p>On 30 July 2020, AEMC published a single consultation paper seeking stakeholder</p>

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					<p>feedback on all three rule change requests related to export services. The AEMC held a virtual public forum on 13 August 2020, and submissions on the consultation paper were due by 10 September 2020.</p> <p>On 12 November 2020, the AEMC consolidated the three rule change requests under a new rule change process named '<i>Access, pricing and incentive arrangements for distributed energy resources</i>' and extended the period of time for making a draft determination to 25 March 2021. The AEMC has also formed a technical working group of experts to support continued industry input on the proposed rule changes.</p> <p>Read more <a href="#">here</a> and <a href="#">here</a>.</p>
Allowing DNSPs to charge for exports to the network	St Vincent de Paul Society Victoria	30 July 2020	Consultation on rule change request	Deadline passed (10 September 2020)	<p>This rule change request seeks to amend the NER applying to the economic regulation of DNSPs in the NEM.</p> <p>The St Vincent de Paul Society Victoria (<b>SVDP</b>) rule change request is one of three requests related to export services that aim to better facilitate the efficient integration of DER for the grid of the future. The other requests were submitted by SA Power Networks on 7 July 2020 (see below), and TEC/ACOSS on 7 July 2020 (see above).</p> <p>The SVDP rule change request proposes to remove impediments in the NER to DNSPs recovering their costs in supporting the export of electricity from the users who export energy. SVDP is not advocating for an approach where DER participants have to pay for using the networks. SVDP is proposing to explore a solution that allows exporters to choose between paying or being constrained, acknowledging that some DER participants may prefer being constrained, rather than paying a distribution use of system charge for export.</p> <p>On 30 July 2020, AEMC published a single consultation paper seeking stakeholder feedback on all three rule change requests related to export services. The AEMC held a virtual public forum on 13 August 2020, and submissions on the consultation paper were due by 10 September 2020.</p> <p>On 12 November 2020, the AEMC consolidated the three rule change requests under a new rule change process named '<i>Access, pricing and incentive arrangements for distributed energy resources</i>' and extended the period of time for making a draft determination to 25 March 2021. The AEMC has also formed a technical working group of experts to support continued industry input on the proposed rule changes.</p>

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					Read more <a href="#">here</a> and <a href="#">here</a> .
Access, pricing and incentive arrangements for distributed energy resources (NER and NERR)	SA Power Networks	30 July 2020	Consultation on rule change request	Deadline passed (10 September 2020)	<p>These rule change requests seek to amend the NER applying to the economic regulation of DNSPs in the NEM. The proposed amendments may also require consequential changes to the NERR.</p> <p>The SA Power Networks (<b>SAPN</b>) rule change request is one of three requests related to export services that aim to better facilitate the efficient integration of DER for the grid of the future. The other requests were submitted by SVDP on 2 July 2020 (see above) and TEC/ACOSS on 7 July 2020 (see above).</p> <p>The SAPN rule change requests proposal seeks to update the regulatory framework to directly recognise and consider export services. SAPN proposes to create:</p> <ul style="list-style-type: none"> <li>• clear rights for all customers to request and be provided with an offer to access the distribution network to export energy on a fair and non-discriminatory basis;</li> <li>• for small customers, a defined standard capacity level that customers can request and receive a connection offer for; and</li> <li>• a clear regulatory mandate for DNSPs to plan for and invest in providing export services commensurate with customer demand and their desired service levels, as well as incentive schemes that motivate distributors to maintain service levels at averages that customers value, and to improve these over time (if supported).</li> </ul> <p>On 30 July 2020, AEMC published a single consultation paper seeking stakeholder feedback on all three rule change requests related to export services. The AEMC held a virtual public forum on 13 August 2020, and submissions on the consultation paper were due by 10 September 2020.</p> <p>On 12 November 2020, the AEMC consolidated the three rule change requests under a new rule change process named '<i>Access, pricing and incentive arrangements for distributed energy resources</i>' and extended the period of time for making a draft determination to 25 March 2021. The AEMC has also formed a technical working group of experts to support continued industry input on the proposed rule changes.</p> <p>Read more <a href="#">here</a>.</p>
Synchronous services markets	Hydro Tasmania	2 July 2020	Preparation of draft determination	Deadline passed (13 August 2020)	<p>This rule change request seeks to amend the NER to create a market for 'synchronous services', including inertia, voltage control and fault level (system strength).</p>

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					<p>The Hydro Tasmania rule change request seeks to address the shortage of 'inertia and related services' in the NEM by integrating the dispatch of a 'synchronous service' with the existing energy and frequency control ancillary services (<b>FCAS</b>) spot markets. It proposes to do this by changing the formulation of the constraints that are applied to the NEM dispatch engine. These reformulated constraints would allow the dispatch engine to find the lowest overall cost combination of synchronous services and non-synchronous generation to deliver lower overall costs for consumers.</p> <p>This will be achieved through the following:</p> <ul style="list-style-type: none"> <li>• amending the NER to create a new generator category of synchronous service generator (<b>SSG</b>) to allow AEMO to move the relevant generator's online status to the output side of AEMO's constraint equation;</li> <li>• having generators provide two additional fields in their spot markets bids to AEMO indicating cost and availability of synchronising units online;</li> <li>• paying generators based on their bid price for providing synchronous services rather than the spot price;</li> <li>• dispatching SSGs if doing so provided lower priced outcomes for consumers compared to the constraint binding; and</li> <li>• AEMO publishing two prices for each service, one including the cost of SSGs and one without.</li> </ul> <p>On 2 July 2020, AEMC published a single consultation paper titled '<i>Systems Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. The AEMC wishes to initiate the rule change requests together in order to allow stakeholders to comment on and consider the interactions between issues raised in relation to the different system services and solutions proposed. The AEMC has not yet consolidated the requests and they may be considered separately going forward.</p> <p>Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 24 September 2020, the AEMC extended the timeframe to make a draft determination until 25 March 2021, to enable it to better align the work with the ESB's market design project and prioritise more urgent system security issues.</p> <p>Read more <a href="#">here</a>.</p>

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Operating reserve market	Infigen Energy Limited	2 July 2020	Preparation of draft determination	Deadline passed (13 August 2020)	<p>This rule change request seeks to amend the NER to introduce a dynamic operating reserve market to operate alongside the existing NEM spot and FCAS markets to help respond to unexpected changes in supply and demand. Infigen argues that the current NEM design no longer offers sufficient incentives to deliver enough or the right type of reserves to respond to today's contingencies.</p> <p>The proposed operating reserve market comprises a dispatchable, raise-only service procured similar to contingency FCAS services in real-time and co-optimised with the other energy market services. The proposed operating reserves' main features are that:</p> <ul style="list-style-type: none"> <li>operating reserves could be procured at all times, or only during times of sufficiently tight supply/demand;</li> <li>the volume would be set by the Reliability Panel or through guidelines and procedures;</li> <li>reserves could be procured 30 minutes ahead of time (with a 15-minute call time) to align with the requirement to return the system to a secure operating state within 30 minutes;</li> <li>any plant capable of producing operating reserves within the 30-minute timeframe would be eligible;</li> <li>resources enabled in the operating reserve market would be withdrawn from the energy market until called upon by AEMO in response to certain reliability criteria;</li> <li>reserves would be paid the marginal 'availability' price when called (with the market price cap applied); and</li> <li>operating reserves would be co-optimised such that the incentives of offering operating reserves would not adversely impact the spot market, the forward contract market or associated activities and commitments of plant offering reserves.</li> </ul> <p>On 2 July 2020, AEMC published a single consultation paper titled '<i>Systems Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. The AEMC wishes to initiate the rule change requests together in order to allow stakeholders to comment on and consider the interactions between issues raised in relation to the different system services and solutions proposed. The AEMC has not yet consolidated the requests and they may</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>be considered separately going forward.</p> <p>Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 24 September 2020, the AEMC extended the timeframe to make a draft determination until 24 June 2021, to enable it to better align the work with the ESB's market design project and prioritise more urgent system security issues.</p> <p>Read more <a href="#">here</a>.</p>
Fast frequency response market ancillary service	Infigen Energy Limited	2 July 2020	Preparation of draft determination	Deadline passed (13 August 2020)	<p>This rule change request seeks to amend the NER to introduce two new ancillary service markets for fast frequency response (<b>FFR</b>) to efficiently manage power system risks associated with reduced system inertia.</p> <p>The proposed markets for raise and lower FFR would operate similar to the existing market arrangements for FCAS. The market would be open to generation, loads and aggregators. FFR providers would respond to local frequency deviations and reach their full response within two seconds.</p> <p>If introduced, the volume of FFR, primary frequency response, regulation FCAS, contingency FCAS, and inertia required to support the NEM would all be interrelated.</p> <p>On 2 July 2020, AEMC published a single consultation paper titled '<i>Systems Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. The AEMC wishes to initiate the rule change requests together in order to allow stakeholders to comment on and consider the interactions between issues raised in relation to the different system services and solutions proposed. The AEMC has not yet consolidated the requests and they may be considered separately going forward.</p> <p>Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 24 September 2020, the AEMC extended the timeframe to make a draft determination until 22 April 2021, to enable the AEMC to develop supporting technical advice through its frequency work plan in stage 2 of its Renewable Integration Study. The technical advice is expected in February 2021.</p> <p>Read more <a href="#">here</a>.</p>
Efficient	TransGrid	2 July 2020	Preparation of	Deadline	<p>This rule change request seeks to abolish the 'do no harm' obligation and amend the</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
management of system strength on the power system			draft determination	passed (13 August 2020)	<p>minimum system strength requirements in the NER to allow for TNSPs to be more proactive in the provision of system strength in the NEM.</p> <p>TransGrid identified three principal issues with the current frameworks:</p> <ul style="list-style-type: none"> <li>the lack of ability to effectively coordinate solutions to address system strength issues across the 'do no harm' framework, minimum framework and other system services;</li> <li>the additional time and cost for connection of new generation to the power system due to the system strength impact modelling and remediation requirements of the 'do no harm' obligation; and</li> <li>the slow, reactive nature of the minimum system strength framework, which leads to increased risks of costly interventions in the operation of the energy market.</li> </ul> <p>The TransGrid rule change request involves:</p> <ul style="list-style-type: none"> <li>AEMO determining fault level nodes and minimum fault levels, accounting for the potential future generation forecast in the Integrated System Plan;</li> <li>an independent body creating a system strength standard that must be met by the TNSP;</li> <li>integrating the current minimum system strength framework into TNSPs' ordinary planning and regulatory frameworks; and</li> <li>abolishing the 'do no harm' framework, and instead requiring plants to negotiate and meet generation performance standards to connect.</li> </ul> <p>On 2 July 2020, AEMC published a single consultation paper titled '<i>Systems Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. The AEMC wishes to initiate the rule change requests together in order to allow stakeholders to comment on and consider the interactions between issues raised in relation to the different system services and solutions proposed. The AEMC has not yet consolidated the requests and they may be considered separately going forward.</p> <p>Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 24 September 2020 the AEMC extended the timeframe to make a draft determination until 24 December 2020. In early December, this timeline was further extended to 29 April 2020. The AEMC is of the opinion that these extensions are</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>required to give sufficient time to develop and consult on how the system strength frameworks should be evolved, including through the provision of key technical advice by AEMO.</p> <p>Read more <a href="#">here</a>.</p>
Capacity commitment mechanism for system security and reliability services	Delta Electricity	2 July 2020	Preparation of draft determination	Deadline passed (13 August 2020)	<p>This rule change request seeks to amend the NER to introduce an ex-ante, day ahead capacity commitment mechanism and payment to provide access to operational reserves and other required system security or reliability services.</p> <p>Delta Electricity argues that as periods of low spot market prices increase, non-peaking dispatchable capacity will seek to minimise financial losses by decommitting capacity under high variable renewable energy (<b>VRE</b>) conditions. This means that the decommitted plant would be unavailable, as and when required to meet energy and system services needs and as a result the NEM will more frequently experience periods of shortfalls in system security and reliability services.</p> <p>The proposed capacity commitment mechanism would provide a payment to keep non-peaking dispatchable generators online at their minimum safe operating level (<b>MSOL</b>) should they be needed for system security and reliability purposes based on AEMO forecasts during the pre-dispatch process.</p> <p>Key components of the capacity commitment mechanism are:</p> <ul style="list-style-type: none"> <li>day-ahead commitment of dispatchable capacity, at a level set by AEMO to ensure peak demand (excluding VRE) can be reliably met;</li> <li>the in-service dispatch capability will be drawn on to respond to rapid changes in VRE and would be paid whenever it is dispatched at MSOL; and</li> <li>generators would guarantee to commit their coal/gas fired boiler synchronous units for either an entire day or for specific trading intervals during the day rather than via a half-hour ahead market for reserve.</li> </ul> <p>On 2 July 2020, AEMC published a single consultation paper titled '<i>Systems Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. The AEMC wishes to initiate the rule change requests together in order to allow stakeholders to comment on and consider the interactions between issues raised in relation to the different system services and solutions proposed. The AEMC has not yet consolidated the requests and they may</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>be considered separately going forward.</p> <p>Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 24 September 2020, the AEMC extended the timeframe to make a draft determination until 25 March 2021, to enable it to better align the work with the ESB's market design project and prioritise more urgent system security issues.</p> <p>Read more <a href="#">here</a>.</p>
Introduction of ramping services	Delta Electricity	2 July 2020	Preparation of draft determination	Deadline passed (13 August 2020)	<p>This rule change request seeks to amend the NER to introduce a 30-minute raise and lower 'ramping' service using the existing framework for FCAS market design to respond to changes in output from variable renewable electricity generators.</p> <p>Delta Electricity suggests a ramping service would address the price volatility that exists when dispatchable generators ramp through their energy bid stacks in response to predictable, daily, high rates of change from solar ramping up and down.</p> <p>Key features of the proposed services and framework include the following:</p> <ul style="list-style-type: none"> <li>the services would be procured from dispatchable in-service generators;</li> <li>the services would be procured through a similar dispatch and settlement process to existing FCAS raise and lower services but with the provision for generators to offer (perhaps three) incremental rates of change at different prices;</li> <li>AEMO would determine the 30 minute ramping requirement in pre-dispatch;</li> <li>AEMO would determine eligible generators based on their ability to provide the new services; and</li> <li>participants in this service would not be prevented from bidding into the other FCAS markets as long as they can comply with the associated obligations of each market.</li> </ul> <p>On 2 July 2020, AEMC published a single consultation paper titled '<i>Systems Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. The AEMC wishes to initiate the rule change requests together in order to allow stakeholders to comment on and consider the interactions between issues raised in relation to the different system services and solutions proposed. The AEMC has not yet consolidated the requests and they may be considered separately going forward.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 24 September 2020, the AEMC extended the timeframe to make a draft determination until 24 June 2021, to enable it to better align the work with the ESB's market design project and prioritise more urgent system security issues.</p> <p>Read more <a href="#">here</a>.</p>
Compensation following directions for services other than energy and market ancillary services	AEMO	11 June 2020	Preparation of final determination	Deadline passed (5 November 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 (<b>FPP</b>) 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 were due by 16 July 2020.</p> <p>On 24 September 2020, the AEMC made a draft determination to make a more preferable draft rule. The draft rule adopts AEMO's objective of moving from a two-step FPP framework to a one-step process, however it differs from AEMO's proposed rule in a number of respects in order to create a more effective one-step process.</p> <p>The draft rule would also make other amendments that seek to improve transparency,</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>predictability, consistency and the allocation of risk, including:</p> <ul style="list-style-type: none"> <li>clarifying the test for how AEMO classifies a direction, which determines the relevant compensation framework;</li> <li>adding an obligation on AEMO to notify the directed participant of its determination of whether a compensable service was provided and allowing the direct participant to make a submission in response; and</li> <li>simplifying the factors that need to be taken into account in determining fair payment compensation in the new one-step process.</li> </ul> <p>Submissions on the draft rule and determination were due by 5 November 2020. A final determination is due on 17 December 2020.</p> <p>Read more <a href="#">here</a>.</p>
Compensation for market participants affected by intervention events	AEMO	11 June 2020	Consultation on draft determination	Deadline passed (5 November 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> <ul style="list-style-type: none"> <li>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</li> <li>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.</li> </ul> <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"> <li>whether affected participant compensation should encompass losses associated with frequency control ancillary services (<b>FCAS</b>) in addition to losses associated with electricity; and</li> <li>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.</li> </ul> <p>Submissions on the consultation paper were due by 16 July 2020.</p> <p>On 24 September 2020, the AEMC made a draft determination to make a more preferable draft rule. The draft rule would incorporate FCAS into the automatic</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>process of calculating compensation. It would also modify the way compensation is calculated for scheduled loads when an intervention impacts how much they pay for energy, to address the current potential for scheduled loads to be under- or overcompensated.</p> <p>Submissions on the draft rule determination, including the more preferable draft rule, were due by 5 November 2020. On 3 December 2020, the AEMC extended the time for making the final determination to 5 August 2021, due to the complexity of the issues raised in response to the draft determination and to enable coordination with the final rule on <i>Integrating energy storage systems into the NEM</i> (see above).</p> <p>Read more <a href="#">here</a>.</p>
Technical standards for distributed energy resources	AEMO	25 June 2020	Preparation of draft determination	Deadline passed (23 July 2020)	<p>This rule change request seeks to amend the NER and NERR to allow AEMO to create an initial set of 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"> <li>• create an obligation on AEMO to develop a subordinate instrument for setting minimum technical standards for DER; and</li> <li>• include a new high-level definition of DER in the NER.</li> </ul> <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 change process is finalised.</p> <p>Submissions on the AEMC's consultation paper were due by 23 July 2020.</p> <p>The AEMC was expected to publish a draft rule determination on 3 December 2020.</p> <p>Read more <a href="#">here</a>.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
Connection to dedicated connection assets	AEMO	5 March 2020	Consultation on draft determination	28 January 2021	<p>This rule change request seeks to amend the NER to clarify current arrangements for transmission connections to a dedicated connection asset (<b>DCA</b>).</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 (<b>FRMP</b>) 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"> <li>• difficulties with negotiating and enforcing an overall performance standard for all facilities connected to a DCA;</li> <li>• settlement issues due to the absence of metering installations for each connected facility; and</li> <li>• inability to determine marginal loss factors for individual generators.</li> </ul> <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 26 November 2020, the AEMC made a draft determination to make a more preferable draft rule. This draft rule introduces a new framework for 'designated network assets' (<b>DNAs</b>), which will replace the current arrangements for large DCAs.</p> <p>The key features of this draft rule include:</p> <ul style="list-style-type: none"> <li>• <b>Application of existing NEM arrangements at individual connection points</b> – DNAs will form part of the transmission network operated by a Primary TNSP so that each facility connected to a designated network asset will have its own connection point. This will allow all key NER requirements to be applied directly to individual connected parties.</li> <li>• <b>Application of a special third-party access regime</b> – DNAs will not be subject</li> </ul>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>to the open access regime that applies elsewhere on the transmission network; instead Primary TNSPs must put access policies in place to protect the access rights of participants funding the provision of DNAs. However, these access protections will only apply to radial transmission assets and between the connection point and single 'boundary point' where the DNA joins a Primary TNSP's wider transmission network.</p> <ul style="list-style-type: none"> <li>• <b>Contestability and contractual arrangements</b> – the Primary TNSP is responsible for operating and maintaining DNAs; however, DNAs can be contestably designed, constructed and owned. The draft rule also removes two restrictions that currently limit the scope for competition, in the form of a monetary threshold and third-party ownership restriction.</li> </ul> <p>Submissions on the draft determination, including the more preferable draft rule, are due by 28 January 2021.</p> <p>Read more <a href="#">here</a>.</p>
Primary frequency response incentive arrangements	AEMO	19 September 2019	Preparation of draft determination	Deadline passed (13 August 2020)	<p>This rule change request seeks to amend the NER to address perceived disincentives to the voluntary provision of primary frequency response (<b>PFR</b>) 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 (eg, 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>On 2 July 2020, the AEMC published consultation paper titled '<i>Systems Services Rule Changes</i>' seeking stakeholder feedback six other rule change requests relating to system services. This consultation paper also included an update on the status of this AEMO rule change request and sought stakeholders' views on the directions for this</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>project. Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 24 September 2020, the AEMC extended the timeframe to make a draft determination until 16 September 2021, to allow AEMO to undertake further work to understand the operational and economic impacts of incentive or market-based provision of continuous primary frequency response. AEMO's advice, which is expected in June 2021, will inform whether and how new incentive arrangements could complement or replace the '<i>Mandatory primary frequency response</i>' rule which was introduced in June 2020.</p> <p>Read more <a href="#">here</a>.</p>

## Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 November 2020)				
Simplification of NER definitions	22 February 2021	NER 2020 No. 16	26 November 2020	<p>This more preferable final rule and determination makes non-controversial changes to some NER definitions that were redundant, had errors or inconsistencies, or could be consolidated or aligned in order to simplify the NER.</p> <p>Read more <a href="#">here</a>.</p>
Transparency of unserved energy calculation	19 November 2020 (Schedule 2 (NER)) 17 December 2020 (Schedule 1 (NER))	NER 2020 No. 16	19 November 2020	<p>This final rule and determination amends the NER to clarify what constitutes unserved energy for the purposes of AEMO's ex-post assessment of how much demand goes unmet due to lack of generation, demand response or interconnection capacity. The changes introduced under the final rule are designed to improve the transparency of the unserved energy calculation and the clarity of the framework that underpins the calculation.</p> <p>The final rule introduces the following amendments:</p> <ul style="list-style-type: none"> <li>the insertion of a requirement for AEMO to set out, through the <i>Reliability Standard Implementation Guideline</i>, the method it will use to calculate unserved energy, including how the amount of energy demanded in the relevant region is determined;</li> <li>the insertion of a purpose statement for the definition of unserved energy to assist stakeholders and AEMO with the definition's interpretation;</li> <li>minor drafting changes to clarify that the intent of the clauses is to include unserved energy that results from power system reliability incidents, and exclude unserved energy that results from power system security incidents; and</li> <li>the deletion of protected events from clause 3.9.3C(b)(2)(i) of the NER to clarify that multiple 'contingency events' are in fact multiple 'credible contingency events', and 'non-credible contingency events' include both single and multiple non-credible contingency events.</li> </ul> <p>Read more <a href="#">here</a>.</p>
Other rules not yet commenced				
Wholesale demand	31 March 2021 (Rule)	NER 2020 No. 9	11 June 2020	This final rule and determination set out a series of changes to the NER to facilitate a

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
response mechanism	3.7D – Demand side participation)  24 October 2021 (Chapters 1, 2, 3, 4, 4A, 7, 10)			<p>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 (<b>DRSP</b>), 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 <a href="#">here</a>.</p>
Introduction of metering coordinator planned interruptions	28 May 2020  21 July 2020 (Schedule 1 (NER, NERR))  21 August 2020 (Schedule 2 (NERR))  1 July 2021 (Schedule 2 (NER))	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 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</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>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 <a href="#">here</a>.</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"> <li>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 (<b>PFRR</b>) as applicable to that plant;</li> <li>AEMO must consult on and publish the PFRR; and</li> <li>generators may request and AEMO may approve variations or exemptions to the PFRR for individual generating plant.</li> </ul> <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 <a href="#">here</a>.</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 <a href="#">here</a>.</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 (<b>MLFs</b>).</p> <p>The rule:</p> <ul style="list-style-type: none"> <li>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</li> </ul>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>using a regression analysis;</p> <ul style="list-style-type: none"> <li>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</li> <li>removes the requirement to treat network elements that solely or principally provide market networks service as invariant when calculating marginal losses.</li> </ul> <p>Read more <a href="#">here</a>.</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 (<b>RERT</b>) 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' (<b>RRN</b>) 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 <a href="#">here</a>.</p>
Application of the Regional Reference Node Test to the Reliability and Emergency Reserve Trader	19 December 2019 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 (<b>RRN test</b>) to the Reliability and Emergency Reserve Trader (<b>RERT</b>).</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</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>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 <a href="#">here</a>.</p> <p>Read more <a href="#">here</a>.</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 October 2021 (commencement of the amendments relating to the five-minute settlement rule) (delayed from 1 July 2021)</p> <p>1 May 2022 (commencement of the amendments relating to the global settlement and market reconciliation rule) (delayed from 6 February 2022)</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 October 2021 (delayed from 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 1 May 2022 (delayed from 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> <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</li> </ul>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>generators.</p> <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>The <i>Delayed implementation of five minute and global settlement</i> rule change in July 2020 delayed commencement of these amendments, as well as the <i>Global settlement and market reconciliation</i> and <i>Five-Minute Settlement</i> rules, to account for the impacts of the COVID-19 pandemic.</p> <p>Read more <a href="#">here</a>.</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"> <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; and</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>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Global settlement and market reconciliation	13 December 2018 1 May 2022 (delayed from 6 February 2022 by 'Delayed implementation of five minute and global settlement')	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>Global settlement was set to have a 'soft start' date of 1 July 2021 followed by full commencement on 6 February 2022. However, these dates were pushed back by the <i>Delayed implementation of five minute and global settlement</i> rule change so that the soft start is now scheduled for 1 October 2021 and full commencement will occur on 1 May 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 October 2021 (delayed from 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.</p> <p>Five minute settlement was originally set to fully commence on 1 July 2021; however this start date was delayed to 1 October 2021 by the <i>Delayed implementation of five minute and global settlement</i> rule change.</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
New rule change requests (since last update 1 November 2020)					
There have been no new rule change requests since the last update.					
Existing rule change requests (as at last update 1 November 2020)					
Minor changes 4 2020 (Gas)	AEMC	29 October 2020	Consultation on rule change request	Deadline passed (26 November 2020)	<p>This self-initiated rule change request seeks to correct minor errors and make non-material changes to the NGR. The AEMC is undertaking an expedited process for this rule change request as it is considered non-controversial.</p> <p>Submissions on the rule change proposal were due by 26 November 2020.</p> <p>Read more <a href="#">here</a> and <a href="#">here</a>.</p>
DWGM maintenance planning	AEMO	22 October 2020	Consultation on rule change request	Deadline passed (19 November 2020)	<p>This rule change request seeks to clarify AEMO's existing maintenance coordination function and eliminate inconsistencies between Part 19 of the NGR and the National Gas Law (<b>NGL</b>). Part 19 of the NGR covers the Victorian Declared Wholesale Gas Market (<b>DWGM</b>) only.</p> <p>The proposed rule would address these issues by making the following changes to Part 19 of the NGR:</p> <ul style="list-style-type: none"> <li>introduce a consistent standard of 'minimise any threat' to system security in rule 326(1) to overcome the current conflicting thresholds for system security in rule 326;</li> <li>introduce a new definition of 'DWGM facility operators' encompassing Producers, Storage Providers and service providers to remove the need for extra maintenance directions, to make the NGR consistent with section 91BA(1)(e) of the NGL; and</li> <li>amend the NGR so that only the NGL definitions of 'produce' and 'storage provider' apply to Part 19 of the NGR.</li> </ul> <p>Submissions on the consultation paper were due by 19 November 2020.</p>

					<p>The AEMC will use an expedited process to consider this rule change on the basis that the proposed rule is non-controversial and is unlikely to have a significant effect on the market for gas or the regulation of pipeline services. In addition, no issues were raised by stakeholders after the draft proposal was presented by AEMO to its Gas Wholesale Consultative Forum in June 2018 and again in March 2020.</p> <p>A final decision is due to be published on 17 December 2020.</p> <p>Read more <a href="#">here</a>.</p>
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## Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 November 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 (<b>DWGM</b>) by:</p> <ul style="list-style-type: none"> <li>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</li> <li>removing the link between authorised maximum daily quantity (<b>AMDQ</b>) or capacity certificates and uplift payments, so that a congestion uplift category is no longer required.</li> </ul> <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"> <li>amendments for transitional arrangements commenced on 19 March 2020;</li> <li>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</li> <li>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).</li> </ul> <p>The rule change responds to two rule change requests which were consolidated by the AEMC on 14 March 2019.</p> <p>Read more <a href="#">here</a>.</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 (<b>AMDQ cc</b>), and replaces these with a new regime consisting of:</p> <ul style="list-style-type: none"> <li>• entry capacity certificates that provide injection tie-breaking benefits; and</li> <li>• exit capacity certificates that provide withdrawal tie-breaking benefits.</li> </ul> <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 <a href="#">here</a>.</p>

## Disclaimer

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