

National Electricity and Gas Rules Update 2021

April 2021 | Rule changes as at 1 May 2021

⚡ National Electricity Rules

New rule change requests	2	<i>Settlement under low operational demand; NEM settlement under low, zero and negative demand conditions</i>
New draft determinations	2	<i>Fast frequency response market ancillary service; Efficient management of system strength on the power system</i>
New final determinations	3	<i>Participant derogation – financeability of ISP Projects (TransGrid); Participant derogation – financeability of ISP Projects (ElectraNet); Minor changes 1 2021</i>

🛒 National Energy Retail Rules

No new rule change requests, draft or final determinations.

🔥 National Gas Rules

No new rule change requests, draft or final determinations.

🔄 Opportunities for Stakeholders

Due by	Opportunity for submissions
20 May 2021	<i>Settlement under low operational demand; NEM settlement under low, zero and negative demand conditions</i>
27 May 2021	<i>Access, pricing and incentive arrangements for distributed energy resources</i>
3 June 2021	<i>Fast frequency response market ancillary service</i>
17 June 2021	<i>Efficient management of system strength on the power system</i>

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Energy Reform

The AEMC reconsiders the frameworks for ensuring system strength

On 29 April 2021, the AEMC released a draft determination and rule in response to the recent *Efficient management of system strength on the power system* rule change request from TransGrid. This follows the AEMC's publication of the final report in its *Investigation into system strength frameworks* in October 2020, which proposed several changes to facilitate the transition to low emissions generation while proactively delivering the system strength needed to maintain security.

The draft determination and rule would abolish the existing 'do no harm' obligations that compel new generators to 'make good' their impact on system strength, which were introduced in 2017 in response to the South Australian blackout and Finkel Review. By the AEMC's own admission, these have been reactive and slow to provide system strength.

The revised framework proposed by the AEMC in the draft determination and rule would introduce:

1. A new obligation on Transmission Network Service Providers (**TNSPs**) to work with AEMO to coordinate the supply of system strength. AEMO would identify minimum fault levels and forecast the volumes of inverter-based resources (**IBR**) that are expected to connect at or near a node, while TNSPs would be responsible for planning to meet the minimum standard at the identified nodes and publishing their results in their transmission annual planning reports. Targeted solutions would then be progressed through individual regulatory investment test for transmission (**RIT-T**) processes.
2. A new demand-side charge for system strength under a system strength mitigation requirement. This would provide connecting parties with IBR a choice between paying to utilise the system strength provided by the relevant TNSP or opting out and remediating their impact on system strength independently.
3. New access standards applying to IBR generators, IBR loads and market network service providers, which would require connecting parties to demonstrate that they can operate stably down to a minimum level of system strength. This standard would underpin a component of the demand-side charges, allowing generators to reduce their charges by actively reducing their demand for system strength. IBR generators would also face another new access standard to ensure they remain stable during sudden voltage changes.

Submissions on the draft determination are due by 17 June 2021 and the AEMC expects to publish a final determination on 29 July 2021. 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:

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

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April 2021

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National Electricity Rules

Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests (since last update 1 April 2021)					
Settlement under low operational demand	Infigen Energy Limited	22 April 2021	Consultation on rule change proposal	20 May 2021	<p>This rule change request seeks to change the formulas that AEMO uses to allocate non-energy costs to market customers in the NEM. In the request, Infigen noted that AEMO's current settlement system was not originally designed for a power system with bi-directional resources, and therefore the NER does not contemplate a scenario where there may be zero customer demand from which to recover non-energy costs that are allocated to energy users.</p> <p>Non-energy costs include payments for:</p> <ul style="list-style-type: none">• market and non-market ancillary services;• compensation for directions, market suspension or administered pricing; and• reserve contract payments. <p>On 22 April 2021, the AEMC released a consultation paper on this rule change request, seeking stakeholder feedback on:</p> <ul style="list-style-type: none">• the risks posed by low operational demand in the NEM;• the solution proposed by Infigen Energy;• constraints on implementation of the proposed solution; and• potential alternative solutions. <p>Submissions on the consultation paper are due by 20 May 2021. The AEMC expects to publish a draft determination on 17 June 2021, with the final determination planned for August 2021.</p> <p>Read more here.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
NEM settlement under low, zero and negative demand conditions	AEMO	22 April 2021	Consultation on rule change proposal	20 May 2021	<p>This rule change request by AEMO seeks to allow it to substitute average adjusted gross energy data from four previous billing periods into its non-energy cost recovery formulas when demand is less than 1MWh.</p> <p>AEMO's current settlement systems are incapable of calculating relevant non-energy cost recoveries if aggregate regional demand falls below 1MWh, which would prevent AEMO from settling the NEM. Minimum operational demand across the NEM has been declining in recent years and AEMO now anticipates that South Australia could experience negative demand in a trading period by spring 2021.</p> <p>To address this urgent risk, AEMO has requested that the rule change request be considered under the expedited rule-making process.</p> <p>Submissions on the rule change proposal are due by 20 May 2021 and the AEMC expects to make its final rule determination by 17 June 2021.</p> <p>Read more here.</p>
Existing rule change requests (as at last update 1 April 2021)					
Minor changes 2 2021 & Minor changes 2 2021 (Retail)	AEMC	1 April 2021	Consultation on rule change proposal	Deadline passed (29 April 2021)	<p>The self-initiated rule change proposal seeks to correct minor errors and make non-material changes to the NER and NERR to improve their quality and consistency. Submissions on the rule change proposal were due by 29 April 2021.</p> <p>Read more here and here.</p>
Implementing a general power system risk review	COAG Energy Council	14 January 2021	Consultation on draft determination	Deadline passed (18 March 2021)	<p>This rule change request proposes changes to the NER to implement a general power system risk review (GPSRR).</p> <p>The purpose of the GPSRR would be to provide a process for assessing and identifying emerging risks to power system security. The rule change request comes from a recommendation made by the AEMC in the 'Mechanisms to Enhance</p>

				<p>Resilience in the Power System – Review of the South Australian Black System Event’ report.</p> <p>The proposed rule builds on the existing Power System Frequency Risk Review, with the areas of difference including:</p> <ul style="list-style-type: none"> • enhancing the breadth of the sources of risk considered; • deepening the review to formally include DNSPs and account for systemic risks at the distribution network level; • increasing the speed and frequency of the review to become an annual process; and • fully integrating the review with other AEMO and NSP planning processes to enhance learning from the review process. <p>The AEMC initiated this rule change request through a fast-tracked process.</p> <p>On 4 February 2021, the AEMC published a draft determination, and more preferable rule, for consultation. Under the draft rule, AEMO would be required to consider and identify options for the future management of non-credible contingency events and other frequency-related risks.</p> <p>The draft rule also specifies five key risk areas AEMO would be required to consider as part of the GPSRR process for each jurisdiction, including:</p> <ul style="list-style-type: none"> • increases or decreases in voltage; • levels of inertia; • the availability of system strength services; • the operation or interaction of emergency frequency control schemes and emergency controls; and • any other risks AEMO deems necessary, including risks arising on the distribution network. <p>AEMO would not have to consider all conceivable risks, but would have to consult on its prioritisation and choice of risks.</p> <p>Administratively, the draft rule proposes that the GPSRR is conducted annually with AEMO required to consult with TNSPs and DNSPs during the review process. NSPs would then be required to take into account the outcomes of the GPSRR in their annual planning reviews and use this information to assess whether their systems security settings are fit for purpose.</p> <p>Submissions on the draft determination were due by 18 March 2021.</p>
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					<p>On 22 April 2021, the AEMC extended the time for making a final determination to 3 June 2021, to allow it to deal with outstanding issues that were raised by AEMO in response to the draft rule and to undertake further informal consultation with interested stakeholders.</p> <p>Read more here.</p>
Enhancing operational resilience in relation to indistinct events	COAG Energy Council	17 December 2020	Consultation on consultation paper	Deadline passed (11 February 2021)	<p>This rule change request seeks to amend the NER to introduce a framework to manage indistinct events.</p> <p>The rule change request comes from a recommendation made by the AEMC in the 'Mechanisms to Enhance Resilience in the Power System – Review of the South Australian Black System Event' report, in which the AEMC found that the existing system security framework may be ill-suited to managing indistinct events and recommended introducing a framework for protected operation. Indistinct events are events that can impact multiple generators or transmission lines in an unpredictable and uncertain manner and may include major storms, widespread fires and cyber-</p>

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					<p>attacks, which may trigger unpredictable responses in an increasingly complex power system.</p> <p>The proposed rule change aims to adapt the system security framework of the NEM to provide AEMO with more flexibility to deal with the changing risk profile. Specifically, the proposed rule change would:</p> <ul style="list-style-type: none"> • introduce the new definition of an 'indistinct event'; • clarify that standing risks from indistinct events can be managed as a type of protected event; • enhance the protected event approval process to manage standing indistinct events; • implement a new operational tool, protected operation, allowing AEMO to more effectively manage condition-dependent indistinct events; • set out two types of protected operation: <ul style="list-style-type: none"> ○ pre-defined protected operation; and ○ ad-hoc protected operation; and • specify governance arrangements for protected operation. <p>On 17 December 2020, the AEMC released a consultation paper seeking feedback on the issues and solution proposed by the COAG Energy Council in its rule change request. Submissions on the consultation paper were due by 11 February 2021.</p> <p>On 22 April 2021, the AEMC extended the time for making a draft determination to 28 October 2021, due to the complexity of issues raised in the request and stakeholders requesting extra consultation.</p> <p>Read more here.</p>

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Prioritising arrangements for system security during market suspension	COAG Energy Council	17 December 2020	Consultation on draft determination	13 May 2021	<p>This rule change request seeks to clarify the applicability of the NER during periods of market suspension and provide AEMO with an appropriate level of flexibility to prioritise arrangements for system security during such a period.</p> <p>The rule change request comes from a recommendation made by the AEMC in the 'Mechanisms to Enhance Resilience in the Power System – Review of the South Australian Black System Event' report.</p> <p>The NER currently provides for AEMO to suspend the operation of the spot market in a region but does not explicitly set out the applicability of other provisions during a period of market suspension.</p> <p>This rule change request proposes to amend the NER by:</p> <ul style="list-style-type: none"> clarifying the applicability of market rules during a period of market suspension to reduce uncertainty for AEMO and market participants; providing AEMO with flexibility to prioritise system security obligations if compliance with a rule provision (particularly administrative obligations) would materially impact its ability maintain power system security during a period of spot market suspension; and arrangements to ensure the transparency of AEMO's actions if it prioritises system security over other NER obligations during a period of market suspension. <p>On 1 April 2021, the AEMC made a draft determination not to make the proposed rule change on the following basis:</p> <ul style="list-style-type: none"> the NER currently sets out clearly what arrangements apply during periods of market suspension, and attempting to further clarify this may create uncertainty or confusion for NER interpretation. Instead, the AEMC chose to clarify the current applicability of the NER during periods of market suspension in the draft determination itself, rather than through rule changes; the existing enforcement regime, in which the AER takes into account all relevant facts and circumstances when determining what compliance or enforcement action, if any, is to be taken, is a more appropriate mechanism for approaching periods of market suspension, rather than trying to foresee extreme or rare

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					<p>events occurring, and amending the NER to specify arrangements for such events; and</p> <ul style="list-style-type: none"> the reporting requirements the proposed rule would place on AEMO if it prioritised system security over other NER obligations during a period of market suspension are likely to contribute to the administrative burden, which is the very problem they are proposed to address. <p>Submissions on the draft determination are due by 13 May 2021.</p> <p>Read more here.</p>
Generator registrations and connections	Australian Energy Council Mr Damien Vermeer	8 October 2020	Preparation of draft determination	Deadline passed (17 December 2020)	<p>This rule change project seeks to amend the NER to alter the treatment of small generation in the NEM, and increase the transparency and certainty of the generator registration and exemption process.</p> <p>This project is a consolidation of two rule change requests received by the AEMC in late 2020:</p> <ol style="list-style-type: none"> <i>Generator registration and connections</i>, submitted by the Australian Energy Council; and <i>Improving connection process for embedded generators</i>, submitted by Mr Damien Vermeer. <p>This first rule change request seeks to increase the participation of smaller generators in central dispatch to enable improved management of the power system and the efficient, secure and reliable operation of the market. The request also proposes</p>

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					<p>changes to AEMO's process for granting exemptions from being registered as a scheduled or non-scheduled generator.</p> <p>Specifically, the rule change request seeks to:</p> <ul style="list-style-type: none"> • 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); • narrow the grounds upon which generators can be exempt from scheduling obligations; and • 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. <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>The second 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>On 8 October 2020, the AEMC released a consultation paper seeking feedback to help it understand the significance of the identified issues and whether the proposed solutions are appropriate. Submissions on the consultation paper were due by 17 December 2020.</p> <p>Given the complexity of issues raised in submissions by stakeholders and the need to align any changes with the ESB's post-2025 work, the AEMC has extended the time to make a draft rule determination to 24 June 2021.</p> <p>Read more here.</p>
Integrating energy storage systems into the NEM	AEMO	20 August 2020	Consultation on options paper	Deadline passed (11 February 2021)	<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</p>

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.

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.

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 field could be achieved through more minimal changes to the existing framework.

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.

Submissions on the consultation paper were due by 15 October 2020.

On 3 December 2020 the AEMC extended the time for making a draft determination to 29 April 2021, and on 17 December 2020 the AEMC published an options paper to engage further with stakeholders on a number of issues, particularly the participation framework and non-energy costs recovery. Submissions on the options paper were due by 11 February 2021.

On 27 April 2021, the AEMC extended the timeframe to make a draft determination until 29 July 2021, to accommodate a request from AEMO for more time to consider potential impacts, particularly on its operating systems and procedures, it had not previously incorporated into its considerations.

Read more [here](#).

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
Access, pricing and incentive arrangements for distributed energy resources (NER and NERR)	SA Power Networks; Total Environment Centre and Australian Council of Social Service; St Vincent de Paul Society Victoria	30 July 2020	Consultation on draft determination	27 May 2021	<p>This rule change project seeks to amend the NER and NERR to more efficiently integrate distributed energy resources into the grid.</p> <p>The process is a consolidation of three separate rule change requests received by the AEMC in July 2020, being:</p> <ol style="list-style-type: none"> 1. <i>Allowing DNSPs to charge for exports to the network</i>, submitted by the St Vincent de Paul Society Victoria; 2. <i>Network planning and access for distributed energy resources</i>, submitted by Total Environment Centre jointly with the Australian Council of Social Services; and 3. <i>Access, pricing and incentive arrangements for distributed energy resources</i>, submitted by SA Power Networks. <p>On 30 July 2020, the AEMC published a single consultation paper seeking stakeholder feedback on all three requests. The AEMC formally consolidated the requests on 12 November 2020 and extended the period of time for making a draft determination to 25 March 2021. The AEMC also formed a technical working group of experts to support continued industry input on the proposed rule changes.</p> <p>On 25 March 2021, the AEMC published a draft determination for more preferable draft rules to amend the NER and NERR. The draft rules represent a major set of reforms focused on the integration of distributed energy resources. Key aspects include:</p> <ul style="list-style-type: none"> • Clarifying that distribution services are two-way and include export services: This officially recognises energy export as a service provided by distribution networks and gives consumers greater influence over what and how efficiently export services are delivered. The draft rules propose a framework for consumers, distribution networks and the AER to decide the type and level of services provided. • Providing incentives to efficiently invest in, operate and use export services: The AEMC considers that existing incentive frameworks may not result in balanced incentives to networks providing export services. Consequently, the draft rules would require the AER to undertake a review of the service target performance incentive scheme and extend it to export services. The draft rules would also require the AER to develop a method to regularly calculate customer

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					<p>export curtailment values, which would be used to facilitate network planning and investment decisions for export services.</p> <ul style="list-style-type: none"> • Enabling distribution networks to offer two-way pricing for export services: Under the draft rules, distribution networks would be able to reward owners of distributed energy resources for sending power to the grid when needed and charging them for sending power when it is not. The draft rules do not mandate a specific pricing approach, and any decision to implement export pricing would be part of the AER's regulatory process. • Allowing flexible pricing solutions at the network level: The draft rules would remove prohibitions on charges for energy exported into the grid and would clarify that networks may create distribution tariffs that include payments to customers. Networks would be required to engage and consult with consumers when developing their tariff structures. <p>The AEMC has now extended the deadline for submissions on the draft determination to 27 May 2021. A virtual public forum will be held on 20 May 2021, to explain how the reforms are designed to work and answer questions from interested stakeholders, who can register to attend the forum here.</p> <p>The AEMC expects to publish the final determination on 8 July 2021.</p> <p>Read more here.</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> <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 (FCAS) 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</p>

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					<p>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"> • amending the NER to create a new generator category of synchronous service generator (SSG) to allow AEMO to move the relevant generator's online status to the output side of AEMO's constraint equation; • having generators provide two additional fields in their spot markets bids to AEMO indicating cost and availability of synchronising units online; • paying generators based on their bid price for providing synchronous services rather than the spot price; • dispatching SSGs if doing so provided lower priced outcomes for consumers compared to the constraint binding; and • AEMO publishing two prices for each service, one including the cost of SSGs and one without. <p>On 2 July 2020, the 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 18 March 2021, the AEMC extended the timeframe to make a draft determination until 30 September 2021, to allow it to develop the rule change alongside the ESB's assessment of the <i>Scheduling and ahead mechanisms</i> and <i>Essential system services</i> market development initiatives.</p> <p>Read more here.</p>
Operating reserve market	Infigen Energy Limited	2 July 2020	Preparation of draft determination	Deadline passed (11 February 2021)	<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</p>

current NEM design no longer offers sufficient incentives to deliver enough or the right type of reserves to respond to today's contingencies.

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:

- operating reserves could be procured at all times, or only during times of sufficiently tight supply/demand;
- the volume would be set by the Reliability Panel or through guidelines and procedures;
- 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;
- any plant capable of producing operating reserves within the 30-minute timeframe would be eligible;
- 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;
- reserves would be paid the marginal 'availability' price when called (with the market price cap applied); and
- 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.

On 2 July 2020, the AEMC published a single consultation paper titled '*Systems Services Rule Changes*' 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.

Submissions on the consultation paper were due by 13 August 2020.

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.

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					<p>On 5 January 2021, the AEMC published a directions paper relating to both this rule change request as well as Delta Electricity's <i>Introduction of ramping services</i> rule change request (see below). The directions paper assesses the ability of the current market frameworks to address variability and uncertainty in power system conditions and outlines high-level designs for four options to procure reserve services. Submissions in response to the directions paper were due by 11 February 2021.</p> <p>The AEMC held a technical working group meeting on 22 April 2021, to present and discuss modelling commissioned to provide insights into the potential for a reserve service to benefit customers.</p> <p>Read more here.</p>
Fast frequency response market ancillary service	Infigen Energy Limited	2 July 2020	Consultation on draft determination	3 June 2021	<p>This rule change request seeks to amend the NER to introduce two new ancillary service markets for fast frequency response (FFR) to efficiently manage power system risks associated with reduced system inertia.</p> <p>On 22 April 2021, the AEMC published a draft determination that is consistent with the solution proposed by Infigen Energy, which would introduce two new market ancillary services categories into the NER:</p> <ol style="list-style-type: none"> 1. a very fast raise service; and 2. a very fast lower service. <p>The proposed markets arrangements would operate similarly to those for existing fast raise and fast lower services, including in respect of registration, scheduling, dispatch, pricing, settlement and cost allocation, but would operate more quickly in order to arrest rapid changes in system frequency that can occur under low inertia operation.</p> <p>Under the draft rule:</p> <ul style="list-style-type: none"> • AEMO would revise the market ancillary services specifications within 18 months from the date the rule is made to detail the description and performance parameters for the very fast raise and lower services; and • the FFR market ancillary service arrangements would commence within three years from the date the rule is made. <p>Submissions in response to the draft rule determination are due by 3 June 2021.</p> <p>Read more here.</p>

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Efficient management of system strength on the power system	TransGrid	2 July 2020	Consultation on draft determination	17 June 2021	<p>This rule change request by TransGrid seeks to abolish the 'do no harm' obligation and amend the 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>On 29 April 2021, the AEMC published a draft determination to make a more preferable draft rule, which would evolve and improve the existing frameworks for provision of system strength that were introduced in 2017.</p> <p>The draft rule proposes three main elements, which are each relevant to the supply, coordination and demand for system strength:</p> <ul style="list-style-type: none"> • Supply side: Working closely with AEMO, TNSPs would be responsible for providing efficient levels of system strength services over a forward-looking basis as a prescribed transmission service. TNSPs would be required to meet system strength planning standards at certain locations on their transmission networks. • Coordination: Customers with inverter-based resources (IBR) would have the choice between paying to use the system strength provided by TNSPs or providing their own system strength to remediate their impact. Through this mechanism, parties bearing the initial cost of providing system strength services through IBR would recover this cost over time from connecting parties. • Demand side: The draft rules prescribe new access standards to ensure that connecting parties with IBR would only use efficient volumes of the valuable pool resource. By enabling generators to undertake actions to reduce the system strength they require (ie investing in IBR), this element also underpins the coordination measures. <p>Submissions in response to the draft rule determination are due by 17 June 2021.</p> <p>Read more here.</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 (VRE) conditions. This means that the decommitted plant would be unavailable, as and when required to meet energy and</p>

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					<p>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 (MSOL) 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"> • day-ahead commitment of dispatchable capacity, at a level set by AEMO to ensure peak demand (excluding VRE) can be reliably met; • 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 • 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. <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. Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 18 March 2021, the AEMC extended the timeframe to make a draft determination until 24 June 2021, to allow sufficient time to develop and consult on the commitment mechanism and further consider the complexity of the proposal.</p> <p>Read more here.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
Introduction of ramping services	Delta Electricity	2 July 2020	Preparation of draft determination	Deadline passed (11 February 2021)	<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"> the services would be procured from dispatchable in-service generators; 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; AEMO would determine the 30 minute ramping requirement in pre-dispatch; AEMO would determine eligible generators based on their ability to provide the new services; and 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. <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. 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>On 5 January 2021, the AEMC published a directions paper relating to both this rule change request as well as Infigen Energy's <i>Operating reserves market</i> rule change request (see above). The directions paper assesses the ability of the current market</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>frameworks to address variability and uncertainty in power system conditions and outlines high-level designs for four options to procure reserve services. Submissions to the directions paper were due by 11 February 2021.</p> <p>The AEMC held a technical working group meeting on 22 April 2021, to present and discuss modelling commissioned to provide insights into the potential for a reserve service to benefit customers.</p> <p>Read more here.</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"> 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 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 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</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>overcompensated. Submissions on the draft rule and determination were due by 5 November 2020.</p> <p>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 here.</p>
Connection to dedicated connection assets	AEMO	5 March 2020	Preparation of final determination	Deadline passed (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 (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</p>

(*FRMP*) to a single DCA connection point and this FRMP must comply with the relevant NER requirements.

AEMO is concerned that the current arrangements create the following issues:

- 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.

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.

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.

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.

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' (*DNAs*), which will replace the current arrangements for large DCAs.

The key features of this draft rule include:

- **Application of existing NEM arrangements at individual connection points** – 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.
- **Application of a special third-party access regime** – DNAs will not be subject 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.
- **Contestability and contractual arrangements** – 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

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>restrictions that currently limit the scope for competition, in the form of a monetary threshold and third-party ownership restriction.</p> <p>Submissions on the draft determination, including the more preferable draft rule, were due by 28 January 2021. In response to stakeholder submissions that requested further clarification on certain aspects of the draft rule, the AEMC has extended the time for making a final rule until 8 July 2021.</p> <p>Read more here.</p>
Primary frequency response incentive arrangements	AEMO	19 September 2019	Consultation on directions paper	Deadline passed (4 February 2021)	<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>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 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</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>could complement or replace the '<i>Mandatory primary frequency response</i>' rule which was introduced in in June 2020.</p> <p>On 17 December 2020, the AEMC published a directions paper in relation to this rule change request and Infigen Energy's <i>Fast frequency response market ancillary service</i> rule change request (see above).</p> <p>Submissions in response to the directions paper were due by 4 February 2021. The AEMC intends to publish a draft determination for this rule change by 16 September 2021.</p> <p>Read more here.</p>

Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 April 2021)				
Participant derogation – financeability of ISP Projects (TransGrid)	None (rule not made)	Rule not made	8 April 2021	<p>The AEMC has made a final rule determination not to make the rule change requested by TransGrid.</p> <p>TransGrid's rule change request, in the form of a participant derogation, sought to amend the NER to bring forward cash flows for its current and future actionable Integrated System Plan (ISP) projects. TransGrid submitted that the changes would allow it to build its ISP assets, resulting in significant net market benefits. Two specific changes to the economic regulatory framework to all of TransGrid's ISP projects were proposed, including the removal of indexation of the regulatory asset base and allowing depreciation to apply 'as incurred' rather than 'as commissioned'.</p> <p>The AEMC's decision to reject the request was informed by stakeholder submissions to the draft determination and advice from AEMC's economic consultant, CEPA. In its final rule determination, the AEMC expressed its view that the participant derogation proposed by TransGrid did not promote the National Electricity Objective.</p> <p>Read more here.</p>
Participant derogation – financeability of ISP Projects (ElectraNet)	None (rule not made)	Rule not made	8 April 2021	<p>The AEMC has made a final rule determination not to make the rule change requested by ElectraNet.</p> <p>The AEMC considered this rule change in parallel with the request submitted by TransGrid (see above), as both raised similar issues and sought similar outcomes.</p> <p>In its request, ElectraNet proposed the application of a nominal rate of return on an unindexed regulatory base for actionable ISP projects, as well as the remuneration of capital expenditure for actionable ISP projects as they were incurred.</p> <p>This decision was informed by stakeholder submissions to the draft determination and advice from AEMC's economic consultant, CEPA. In its final rule determination, the AEMC expressed its view that the participant derogation proposed by ElectraNet did not promote the National Electricity Objective.</p> <p>Read more here.</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Minor changes 1 2021	22 April 2021	NER 2021 No. 3	22 April 2021	The self-initiated rule change by the AEMC corrects minor errors and makes non-material changes to the NER to improve their quality and consistency. Read more here .
Other rules not yet commenced				
Semi-scheduled generator dispatch obligations	11 March 2021 (Schedule 4) 12 April 2021 (Schedule 1) 1 October 2021 (Schedule 2) 24 October 2021 (Schedule 3)	NER 2021 No. 2	11 March 2021	<p>This more preferable final rule amends the NER to require semi-scheduled generators to comply with a MW dispatch level, contained in a dispatch instruction issued by AEMO, for all dispatch intervals.</p> <p>A semi-scheduled generator is considered to have complied with its dispatch level, if:</p> <ul style="list-style-type: none"> it only varies from the dispatch level as a result of energy source availability; and in the case of a 'semi-dispatch interval', it does not exceed the dispatch level regardless of its energy source availability. <p>The effect of this final rule is that semi-scheduled generating units will be required to follow their available resource except during a semi-dispatch interval, when output is also limited to the cap specified by AEMO.</p> <p>The final rule also includes supporting changes, including a housekeeping amendment to the definition of 'inflexible, inflexibility' to capture semi-scheduled generators and a transitional requirement for AEMO to update any relevant power system operating procedure to take into account the rule change.</p> <p>Read more here. For further analysis of the potential impacts of this rule change regarding power purchase agreements, see here.</p>
Bill contents and billing requirements	1 April 2022 (Schedule 2 – AER to publish billing guideline) 4 August 2022 (Schedule 1 – Retailers required to comply)	NERR 2021 No. 2	18 March 2021	This more preferable final rule requires retailers to comply with an AER mandatory guideline containing billing requirements (the Billing Guideline). The rule aims to

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>simplify energy bills to enable households and small business to better understand and manage their energy usage and costs.</p> <p>The final rule:</p> <ul style="list-style-type: none"> includes a bill objective, setting out the purpose of an energy bill; requires the AER to make a Billing Guideline, which will replace the current bill information requirements in rule 25(1) of the NERR; outlines principles for the AER to take into account in making and amending the Billing Guideline; allows the AER to specify in the Billing Guideline the types of billing information that a retailer must provide and whether information of different types may be provided to a small customer by different delivery methods with their consent; and removes the obligations on retailers regarding electricity consumption benchmarks in rule 170 of the NERR (noting the AER may choose to include these or similar obligations in the Billing Guideline). <p>The AEMC considers that the introduction of a Billing Guideline will simplify and increase transparency of energy bills, while also delivering a regulatory framework that is adaptable over time and reflects the variety of offers and consumer preferences in the market.</p> <p>The final rule establishes a 12-month time frame for the AER to develop and publish, by 1 April 2022, the first Billing Guideline, which retailers will be required to comply with from 4 August 2022.</p> <p>Read more here.</p>
Technical standards for distributed energy resources	4 March 2021 18 December 2021	NER 2021 No. 1	25 February 2021	<p>This more preferable final rule amends the NER to require all new or replacement micro embedded generators (primarily rooftop solar systems) connecting to distribution networks to be compliant with the DER Technical Standards.</p> <p>The final rule creates a definition of DER Technical Standards that incorporates Australian Standard AS 4777.2:2020, as updated from time to time, into the NER. AS 4777.2 specifies minimum performance and safety requirements for the design, construction and operation of inverters intended for grid connection of energy systems.</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>Consequently, the AEMC will be the body responsible for the management of the DER Technical Standards.</p> <p>The final rule requires that:</p> <ul style="list-style-type: none"> • model standing offers for basic micro embedded generator connection services for embedded generating units; • information required to negotiate the connection of embedded generating units; and • the minimum content requirements of connection offers for embedded generating units the subject of basic micro EG connection services, <p>be compliant with the DER Technical Standards.</p> <p>In making this more preferable final rule, the AEMC chose not to include a new high-level definition of DER in the NER, but instead use the current NER definition of 'micro embedded generators', which, it believes, would cover rooftop solar systems, and may also apply to other devices such as residential batteries and electric vehicles.</p> <p>To avoid the need for transitional requirements, the commencement date of the rule (18 December 2021) has been aligned with the date that AS 4777.2:20 comes into effect.</p> <p>Read more here.</p>
Maintaining life support customer registration when switching	4 March 2021 1 August 2021	NERR 2021 No. 1	25 February 2021	<p>This rule change amends 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. An existing life support customer was previously required to resubmit medical information to a retailer or DNSP when they switch energy providers or move premises. The amending rule enables life support customers to receive back and re-utilise their valid medical confirmation previously submitted to the outgoing registration process owner (RPO), for the purpose of providing medical confirmation to the new RPO when changing retailer or distribution network service</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>provider. To be valid, the previously used medical confirmation must be dated less than 4 years ago and be legible.</p> <p>Key components of the rule are:</p> <ul style="list-style-type: none"> • an entitlement for customers to reuse valid medical confirmations that were submitted to the outgoing RPO, for the purpose of providing medical confirmation to the incoming RPO; • a requirement for the incoming RPO to inform the customer that they may reuse a valid medical confirmation provided to their previous retailer or DNSP, for the purpose of registering their premises with the incoming RPO; • a requirement for the outgoing RPO to return the customer's medical confirmation, within 15 business days of the customer's request (subject to privacy legislation). The obligation is only binding on the RPO if the request takes place within 110 business days of the person ceasing to be a customer for the registered premises; • a requirement on RPOs to retain medical confirmation for the period of time the person remains a customer for the registered premises and for 110 business days after the person has ceased to be a customer for the registered premises; and • updates to the definition of 'medical confirmation' to clarify that a medical certificate may be used to provide medical confirmation. <p>Read more here.</p>
Wholesale demand response mechanism	<p>31 March 2021 (Rule 3.7D – Demand side participation)</p> <p>24 October 2021 (Chapters 1, 2, 3, 4, 4A, 7, 10)</p>	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</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>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>
Introduction of metering coordinator planned interruptions	28 May 2020 21 July 2020 21 August 2020 1 July 2021	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 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>

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

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
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 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	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 (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</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>is activated, the application of the RRN test would mean that intervention pricing could only apply if the issue is region-wide.</p> <p>In addition, the rule change amends the wording of NER to improve the clarity of the RRN test.</p> <p>This rule was considered as part of the AEMC's investigation into intervention mechanisms and system strength in the NEM. For more information see here.</p> <p>Read more here.</p>
Five-minute settlement and global settlement implementation amendments	<p>12 August 2019 (amendments to the spot market operations timetable and transitional arrangements)</p> <p>1 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"> 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. 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-

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>adjusted metered electricity that is consumed within their area by customers. Currently, only the local retailer is billed for this.</p> <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>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 discussed below, to account for the impacts of the COVID-19 pandemic.</p> <p>Read more here.</p>
Intervention compensation and settlement processes	30 May 2019 1 July 2021	NER 2019 No. 5	30 May 2019	This rule amends the NER to improve the administrative processes relating to compensation and settlements after AEMO interventions, and to ensure that the

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>respective timetables are aligned. The new rule responds to two related rule change requests by AEMO which were consolidated by the AEMC.</p> <p>The new rule amends the administrative processes for compensation and settlement by:</p> <ul style="list-style-type: none"> • increasing the deadline for additional compensation claims from seven business days to 15 business days; • inserting a deadline of 15 business days for additional compensation claims by directed parties; • amending the compensation process to refer to 20 and 30 week routine revised statements instead of referring to business days in order to ensure consistency with the settlement process; 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 1 May 2022 (delayed from 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>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 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>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
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 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 April 2021)					
There have been no new rule change requests since the last update.					
Existing rule change requests (as at last update 1 April 2021)					
Minor changes 2 2021 (Gas)	AEMC	1 April 2021	Consultation on rule change proposal	Deadline passed (29 April 2021)	<p>The self-initiated rule change proposal seeks to correct minor errors and make non-material changes to the NGR to improve their quality and consistency.</p> <p>The AEMC intends to consider this rule change request under its expedited process, unless it receives a written request and substantive reasons not to do so by 15 April 2021.</p> <p>Submissions on the rule change proposal were due by 29 April 2021.</p> <p>Read more here.</p>

April 2021

Allens & Linklaters

Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 April 2021)				
There have been no new final 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 final 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 final rule sets out the following timing for commencement:</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>Read more here.</p>

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

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