

# National Electricity and Gas Rules Update 2021

## October 2021 | Rule changes as at 1 November 2021

### ⚡ National Electricity Rules

New requests	2	<i>Extension of time and reduction in scope of the 2022 reliability standard and settings review; Minor changes 3 2021</i>
New draft determinations	1	<i>Enhancing operational resilience in relation to indistinct events</i>
New final determinations	3	<i>Settlement under low operational demand; efficient management of system strength on the power system; generator registrations and connections</i>

### 🛒 National Energy Retail Rules

*No new requests, draft determinations or final determinations*

### 🔥 National Gas Rules

New requests	1	<i>DWGM distribution connected facilities</i>
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### ↔ Opportunities for Stakeholders

Due by	Opportunity for submissions
18 November 2021	<i>Minor changes 3 2021</i>
25 November 2021	<i>Extension of time and reduction in scope of the 2022 reliability standard and settings review</i>
2 December 2021	<i>DWGM distribution connected facilities</i>
6 January 2022	<i>Enhancing operational resilience in relation to indistinct events</i>

### NEWS Energy Reform

#### Including distribution connected facilities in the Victorian Declared Wholesale Gas Market

On 21 October 2021, the AEMC released a consultation paper seeking stakeholder feedback on a new rule change request submitted by the Victorian Minister for Energy, Environment and Climate Change to allow distribution connected production and storage facilities to inject gas into the declared distribution system (**DDS**) and participate in the Victorian Declared Wholesale Gas Market (**DWGM**). Currently, only facilities that are connected to the declared transmission system (**DTS**) (ie transmission connected facilities) can participate in the DWGM.

The purpose of this rule change request is to support the transparent and efficient trading of gas in Victoria as the state continues to decarbonise by integrating distribution connected facilities, which include lower emissions gases like hydrogen, biomethane and other renewable gases, into the DWGM. This rule change request is being progressed concurrently with the AEMC's review into extending the regulatory frameworks to hydrogen and renewable gases.

The rule change request proposes amendments to a wide range of rules in the NGR, broadly relating to three key areas:

1. **Market operations:** there are a number of issues relating to the recognition of distribution connected facilities in the DWGM. For example, DWGM participant categories do not provide a registration category for distribution connected facilities, and requirements in relation to bidding, scheduling, demand forecasts and system constraints only account for or relate to the DTS, not the DDS.
2. **Market outcomes:** there is uncertainty in relation to the recognition of gas-blending at the DDS level, where distribution connected facilities may inject gas that is of a different composition to gas already in the DDS, as well as in relation to how gas is allocated to distribution connected facilities for settlement and billing.
3. **System operations:** in relation to the management of the physical system, the current framework does not cover connections of facilities to the DDS, and obligations imposed on various parties are essentially limited to the DTS only.

Written submissions on the consultation paper are due by 2 December 2021. To assist with stakeholder submissions, the AEMC has released a feedback template which is accessible in the link below.

Read more [here](#).

## Introduction

The document lists all rule change requests for the NER and NERR (section 1) and the NGR (section 2), currently under consideration by the AEMC. The status of each proposed Rule is regularly updated on the AEMC website and this document is amended on a monthly basis to reflect those changes.

## National Energy Retail Rules

Since 1 July 2012, the AEMC has held the role of rule maker for the Australian retail energy markets. This includes the power to amend the NERR which are part of the NECF. The NECF has commenced in South Australia, New South Wales, Queensland, Tasmania and the Australian Capital Territory. Victoria has implemented the NECF in so far as it applies to Chapter 5A of the NERR. Western Australia and the Northern Territory do not propose to implement the NECF. The AEMC may amend the NERR independently to, or in conjunction with, amendments to the NER.

## Glossary

In this document the following definitions apply:

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

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# ➤ National Electricity Rules

## Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests (since last update 1 October 2021)					
Extension of time and reduction in scope of the 2022 reliability standard and settings review	Dr Kerry Schott AO	28 October 2021	Consultation on consultation paper	25 November 2021	<p>This rule change request seeks to amend the NER requirements on the Reliability Panel for the 2022 reliability standard and settings review (<b>RSS Review</b>). The rule change request proposes to:</p> <ul style="list-style-type: none"> <li>reduce the scope of the RSS Review such that the Reliability Panel would only review and report on the reliability standard, and not reliability settings (responsibility for which would be moved to the ESB instead, as part of its work on the design of the capacity mechanism); and</li> <li>extend the date for review of, and publication of the final report in relation to, the reliability standard from 30 April to 30 June 2022.</li> </ul> <p>The proposed rule aims to:</p> <ul style="list-style-type: none"> <li>better align the RSS Review with the ESB's work on designing a capacity mechanism, in light of the interaction between the reliability settings and the proposed capacity mechanism;</li> <li>avoid the Reliability Panel potentially making recommendations on reliability settings that are inconsistent with any future market design; and</li> <li>give the Reliability Panel sufficient time to consider the outcomes of the ESB's final advice and recommendations in its review of the reliability standard.</li> </ul> <p>The AEMC considers that this rule change request should be subject to the expedited rule making process under s96 of the NEL, on the basis that it satisfies the definition of a 'non-controversial Rule' under s87 of the NEL. Written requests not to make a rule under the expedited process must be lodged by 11 November 2021. If a valid written request is received, the AEMC will instead proceed under the standard rule change process.</p> <p>Submissions on the consultation paper are due by 25 November 2021.</p> <p>Read more <a href="#">here</a>.</p>

<p>Minor changes 3 2021</p>	<p>AEMC</p>	<p>21 October 2021</p>	<p>Consultation on consultation paper</p>	<p>18 November 2021</p>	<p>This rule change request was self-initiated by the AEMC to correct minor errors and make non-material, clarificatory changes to the NER, as well as to give effect to some of the changes to the NER which were included in the Five Minute Settlement (5MS) rule.</p> <p>More specifically, the proposed rule seeks to:</p> <ul style="list-style-type: none"> <li>• improve the consistency of references to provisions throughout the NER;</li> <li>• ensure definitions in Chapter 2A of the NER are not duplicated elsewhere;</li> <li>• amend the Ancillary Service Generating Unit and Ancillary Service Load Data table in Schedule 3.1 to reinstate certain definitions that were deleted;</li> <li>• clarify the operation of clauses 4.9.2, 4.9.3, 4.9.3A and 4.9.5, in relation to AEMO's requirements for dispatch instructions;</li> <li>• insert clarificatory notes in clauses 4.16.1 and 5.20B.6;</li> <li>• correct cross-references to defined terms and other provisions; and</li> <li>• make other minor punctuation, spelling and formatting corrections.</li> </ul> <p>In relation to the 5MS rule, the original changes proposed (ie the amendment of clause 3.3.2(c) to include a reference to the determination and publication of ancillary service prices at each regional reference node for each trading interval, and the deletion of clause 3.2.2(c1)), were no longer possible to carry out due to an amendment to clause 3.3.2(c) prior to the commencement of the 5MS rule. As such, the draft rule reinstates clause 3.2.2(c1) and replaces the reference to "dispatch interval" with "trading interval", so that in effect, this clause refers to the determination and publication of ancillary service prices at each regional reference node for each trading interval, as was originally intended.</p> <p>The AEMC considers that this rule change request should be subject to the expedited rule making process under s96 of the NEL, on the basis that it satisfies the definition of a 'non-controversial Rule' under s87 of the NEL. Written requests not to make a rule under the expedited process must be lodged by 4 November 2021. If a valid written request is received, the AEMC will instead proceed under the standard rule change process.</p> <p>Submissions on the consultation paper are due by 18 November 2021.</p> <p>Read more <a href="#">here</a>.</p>
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Existing rule change requests (as at last update 1 October 2021)

Governance of distributed energy resources technical standards	Dr Kerry Schott AO	2 September 2021	Consultation on consultation paper	Deadline passed (7 October 2021)	<p>This rule change request seeks to establish new governance arrangements for distributed energy resources (<b>DER</b>) and, more specifically, amend the NER to:</p> <ul style="list-style-type: none"> <li>include DER technical standards and implement these standards through customer connections;</li> <li>provide for the enforcement of DER technical standards or Australian Standards applicable to distribution connected inverters; and</li> <li>establish the AEMC as the entity responsible for setting these standards.</li> </ul> <p>This rule change has been proposed in light of the increasing uptake of DER in the NEM, as well as the complexity of existing governance arrangements for the development of DER technical standards. The new governance arrangements proposed in the rule change request are designed to address the inconsistencies in the way technical standards are currently developed and implemented across the NEM, and the need for a flexible and transparent process for setting standards that can evolve alongside the fast-changing DER market. The ESB's review of existing governance processes also identified a number of issues, including a lack of coordination in respect of DER technical standards across the NEM.</p> <p>The rule change request also proposes that, as part of its role in administering the ongoing governance of DER technical standards, the AEMC collaborate with AEMO and the AER in developing and updating DER technical standards, with additional expert advice (in the form of an advisory committee or industry consultants) to be obtained to support this work.</p> <p>Submissions on the consultation paper were due by 7 October 2021. A draft determination is due to be published on 16 December 2021. Submissions on the draft determination will be due by 3 February 2022.</p> <p>Read more <a href="#">here</a>.</p>
Updating Short Term PASA	AEMO	26 August 2021	Consultation on consultation paper	Deadline passed (23 September 2021)	<p>This rule change seeks to amend clause 3.7.3 of the NER, which sets out the requirements for AEMO and market participants in relation to short-term projected assessment of system adequacy (<b>ST PASA</b>).</p> <p>In particular, AEMO's proposed changes seek to:</p> <ul style="list-style-type: none"> <li>introduce a principles-based framework to provide greater flexibility to AEMO and market participants to update ST PASA, with a view to moving prescriptive details currently set out in clause 3.7.3 into AEMO procedures;</li> </ul>

					<ul style="list-style-type: none"> <li>• amend the timeframe which ST PASA covers to a seven-day forecasting horizon, in line with current practices for the publication of ST PASA information;</li> <li>• require the publication of generation availability information on a per unit or dispatchable unit identifier (DUID) basis, to improve the transparency of information available to NSPs and market participants; and</li> <li>• amend the definition of PASA availability to broaden the range of times by which physical plant can be made available (currently specifies 24 hours' notice).</li> </ul> <p>The proposed changes will also accommodate the new ST PASA system currently being developed by AEMO as part of the ST PASA replacement project, and allow the ST PASA process to evolve with the changing energy market.</p> <p>On 26 August 2021, the AEMC released a consultation paper seeking feedback on the proposal. Submissions on the consultation paper were due by 23 September 2021. A draft determination is due to be published on 2 December 2021.</p> <p>Read more <a href="#">here</a>.</p>
<p>Material change in network infrastructure project costs</p>	<p>ERM Power Limited, Energy Users Association of Australia (EUAA), Major Energy Users Inc., AGL Energy Limited, Delta Electricity</p>	<p>19 August 2021</p>	<p>Consultation on consultation paper</p>	<p>Deadline passed (30 September 2021)</p>	<p>This rule change proposes that the regulatory investment test (<b>RIT</b>) be reapplied, if, following completion of the RIT, there has been a material increase in the estimated costs of a network infrastructure project.</p> <p>Under existing arrangements, the RIT must only be reapplied where, in the reasonable opinion of the project proponent, there has been a material change in circumstances which means that the preferred option identified in the final RIT report is no longer preferred. The rule change proponents seek to replace this subjective test with an objective cost increase threshold to determine whether RIT should be reapplied.</p> <p>The rule change is designed to address concerns that the current arrangements do not adequately protect consumer interests. This is because the estimated cost of the preferred option may change substantially following the completion of the RIT, meaning that this option may no longer reflect the maximum net economic benefit to the market. To date, no NSP has reapplied the RIT on the basis of a material change in circumstances.</p> <p>The rule change proposes that:</p> <ul style="list-style-type: none"> <li>• unless an exemption is granted by the AER, NSPs be required to reapply the RIT if, following completion of the RIT, estimated project costs have increased by 10% (for larger transmission projects over \$500m and distribution projects over</li> </ul>

					<p>\$200m) or 15% (for smaller transmission projects less than \$500m and distribution projects less than \$200m);</p> <ul style="list-style-type: none"> <li>the AER may determine that a proponent is not required to reapply the RIT (or is only required to reapply part of the RIT);</li> <li>Project EnergyConnect be required to update its final RIT-T report to take account of material cost increases that have occurred since completion of the RIT; and</li> <li>AER guidelines be amended to require proponents to produce more rigorous costs estimate for the final RIT report, to reduce the likelihood that the RIT will need to be reapplied.</li> </ul> <p>Consultation on this rule change is being progressed as part of the AEMC's consultation paper for the <i>Transmission planning and investment review</i>. Specific issues in relation to the proposed changes to RIT arrangements are contained in Chapter 5.</p> <p>Submissions on the consultation paper were due by 30 September 2021. A draft determination is due to be published on 9 December 2021.</p> <p>Read more <a href="#">here</a>.</p>
Enhancing operational resilience in relation to indistinct events	COAG Energy Council	17 December 2020	Consultation on draft determination	6 January 2022	<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-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"> <li>introduce a new definition of an 'indistinct event';</li> <li>clarify that standing risks from indistinct events can be managed as a type of protected event;</li> </ul>

					<ul style="list-style-type: none"> <li>• enhance the protected event approval process to manage standing indistinct events;</li> <li>• implement a new operational tool, protected operation, allowing AEMO to more effectively manage condition-dependent indistinct events;</li> <li>• set out two types of protected operation:             <ul style="list-style-type: none"> <li>○ pre-defined protected operation; and</li> <li>○ ad-hoc protected operation; and</li> </ul> </li> <li>• specify governance arrangements for protected operation.</li> </ul> <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 28 October 2021, the AEMC made a more preferable draft rule incorporating indistinct events into the existing protected events framework and refining reporting requirements in respect of indistinct events. This more preferable rule also clarifies that AEMO has the power to act and issue directions to prepare the power system for indistinct events in the operational timeframe. It will improve AEMO's ability to manage the risk these events pose to system security, for example by allowing AEMO to reclassify non-credible indistinct events as credible when abnormal conditions increase the likelihood of an indistinct event impacting the power system. The Reliability Panel will also be able to declare indistinct events as protected events.</p> <p>Submissions on the draft determination are due by 6 January 2022.</p> <p>Read more <a href="#">here</a>.</p>
Integrating energy storage systems into the NEM	AEMO	20 August 2020	Preparation of final determination	Deadline passed (16 September 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 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 consume and</p>



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

The AEMC has indicated that 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 the ESB's post-2025 market design program and the difficulties stakeholders face with the current COVID-19 pandemic.

On 17 December 2020, the AEMC published an options paper to further engage 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 15 July 2021, the AEMC released a more preferable draft rule which introduces a new participant registration category, the Integrated Resource Provider (**IRP**). Storage and hybrid facilities that provide bi-directional energy flows will be allowed to register and participate under this single IRP registration category, rather than under two different categories as is currently the case. The draft determination also proposes the use of two new data streams ie adjusted sent out energy (**ASOE**) and adjusted consumed energy (**ACE**), to calculate the recovery of non-energy costs based on a participant's gross energy flows, rather than the participant's registration category. This new approach to non-energy cost recovery provides a forward-looking framework that incentivises participants to manage their demand for these services.

The draft rule represents substantial progress towards more effectively integrating storage into the NEM and enabling aggregators to provide market ancillary services that support the network. AEMO considers that the proposed draft rule will solve immediate issues facing participants with bi-directional energy flows and takes important steps towards the two-sided market future being developed by the ESB.

					<p>Submissions on the draft determination and rule were due by 16 September 2021. On 28 October 2021, the AEMC extended the timeframe for making a final determination to 2 December 2021.</p> <p>Read more <a href="#">here</a>.</p>
Synchronous services markets	Hydro Tasmania	2 July 2020	Preparation of draft determination	Deadline passed (21 October 2021)	<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 (<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, the AEMC published a single consultation paper titled '<i>System Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 9 September 2021, the AEMC published a directions paper relating to both this rule change request and the '<i>Capacity commitment mechanism for system security and reliability services</i>' rule change request (see below). The directions paper sets out</p>

					<p>two different options to value, procure and schedule essential system services, in light of the changing generation mix, which provides fewer of these ancillary services:</p> <ul style="list-style-type: none"> <li>• <b>market ancillary services (MAS) approach:</b> which would introduce new services to be scheduled through the pre-dispatch engine to allow it to produce dispatch schedules that result in secure dispatch; and</li> <li>• <b>non-market ancillary services (NMAS) approach:</b> which would introduce new services to be procured and scheduled in an optimisation approach outside of the spot market, to ensure secure dispatch in an efficient manner.</li> </ul> <p>The NMAS approach is currently preferred by the AEMC, and also reflects the approach underpinning the ESB's unit commitment for security (<b>UCS</b>) and synchronous services mechanism (<b>SSM</b>), recommended in its final advice.</p> <p>Submissions on the directions paper were due by 21 October 2021. A draft determination is due to be published on 16 December 2021.</p> <p>Read more <a href="#">here</a>.</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 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> </ul>

				<ul style="list-style-type: none"> <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, the AEMC published a single consultation paper titled '<i>System Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. 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 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>On 16 June 2021, the AEMC further extended the timeframe to release a draft determination until 9 December 2021. The additional time will allow the AEMC to consult with stakeholders on whether it would be in the long-term interests of consumers to unbundle the provision of operating reserves from the energy market where they are currently implicitly provided, as well as to undertake complex modelling and obtain further technical advice from AEMO.</p> <p>Read more <a href="#">here</a>.</p>	
Capacity commitment mechanism for system security	Delta Electricity	2 July 2020	Preparation of draft determination	Deadline passed (21 October 2021)	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>and 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, the AEMC published a single consultation paper titled '<i>System Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 9 September 2021, the AEMC published a directions paper relating to this rule change request and the '<i>Synchronous services markets</i>' rule change request (see above). The directions paper sets out two different options to value, procure and schedule essential system services, in light of the changing generation mix, which provides fewer of these ancillary services:</p> <ul style="list-style-type: none"> <li>• <b>market ancillary services (MAS) approach:</b> which would introduce new services to be scheduled through the pre-dispatch engine to allow it to produce dispatch schedules that result in secure dispatch; and</li> <li>• <b>non-market ancillary services (NMAS) approach:</b> which would introduce new services to be procured and scheduled in an optimisation approach outside of the spot market, to ensure secure dispatch in an efficient manner.</li> </ul>
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					<p>The NMAS approach is currently preferred by the AEMC, and also reflects the approach underpinning the ESB's unit commitment for security (<b>UCS</b>) and synchronous services mechanism (<b>SSM</b>), recommended in its final advice.</p> <p>Submissions on the directions paper were due by 21 October 2021. A draft determination is due to be published on 16 December 2021.</p> <p>Read more <a href="#">here</a>.</p>
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"> <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, the AEMC published a single consultation paper titled 'System Services Rule Changes' seeking stakeholder feedback on this, and five other rule change requests relating to system services. 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 post-2025 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 'Operating reserve market' rule change request (see above). The directions paper assesses the ability of the current market</p>

					<p>frameworks to address variability and uncertainty in power system conditions and outlines high-level designs for four options to procure reserve services. Submissions on 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>On 16 June 2021, the AEMC further extended the timeframe to make a draft determination until 9 December 2021. The additional time will allow the AEMC to consult with stakeholders on whether it would be in the long-term interests of consumers to unbundle the provision of operating reserves from the energy market where they are currently implicitly provided, as well as to undertake complex modelling and to obtain further technical advice from AEMO.</p> <p>Read more <a href="#">here</a>.</p>
Compensation for market participants affected by intervention events	AEMO	11 June 2020	Preparation of final determination	Deadline passed (26 August 2021)	<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 proposed to incorporate FCAS into the automatic</p>

					<p>process of calculating compensation, and to modify the way compensation is calculated for scheduled loads when an intervention impacts how much they pay for energy, in order to address the current potential for scheduled loads to be under or over-compensated. 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 a 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>On 3 June 2021, the AEMC further extended the timeframe for making a final determination until 4 November 2021, to allow for continued coordination with the final rule on <i>'Integrating energy storage systems into the NEM'</i>.</p> <p>On 15 July 2021, the AEMC published a directions paper, which proposes three options to finalise the approach to calculating compensation. These are:</p> <ol style="list-style-type: none"> <li>1. A target-based approach to calculating compensation as set out in the draft rule, which calculates energy revenue compensation based solely on the difference between a participant's energy targets in the dispatch run and intervention pricing run of the national energy market dispatch engine.</li> <li>2. An approach to calculating compensation based on actual consumption or generation, similar to the existing approach in clause 3.12.2 of the NER. This is the AEMC's preferred option.</li> <li>3. A bespoke claims approach to calculating compensation, where affected participants and market customers with scheduled loads would be required to lodge a claim in order to receive compensation.</li> </ol> <p>Submissions on the directions paper were due by 26 August 2021. On 28 October 2021, the AEMC further extended the time for making a final determination to 2 December 2021, to align with the timeline for the <i>'Integrating energy storage systems into the NEM'</i> rule change process.</p> <p>Read more <a href="#">here</a>.</p>
Primary frequency response incentive arrangements	AEMO	19 September 2019	Consultation on draft determination	Deadline passed (28 October 2021)	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 Dr Peter Sokolowski and by AEMO and have now been finally determined.



AEMO identified a number of aspects of the NER that are perceived to be disincentives 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).

On 2 July 2020, the AEMC published a consultation paper titled '*System Services Rule Changes*' seeking stakeholder feedback on this, and 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.

On 17 December 2020, the AEMC published a directions paper in relation to this rule change request and Infigen Energy's '*Fast frequency response market ancillary service*' rule change request (see below). Submissions in response to the directions paper were due by 4 February 2021.

On 16 September 2021, the AEMC released a draft determination and draft rule that cement existing requirements for the provision of PFR, and introduce complementary frequency performance incentives to reward behaviour that supports power system frequency. Key elements of the draft rule include:

- confirmation that the requirement for scheduled and semi-scheduled generators to automatically respond to fluctuations in power system frequency to a narrow response band will continue beyond 4 June 2023. The AEMC's view is that the continuation of these arrangements is justified, on the basis that the current mandatory PFR arrangements are an effective mechanism to improve frequency performance and to send a clear signal to market entrants that they are required to provide PFR;
- changes to better align economic incentives with the provision of primary frequency response, through reforms to the 'causer pays' process to better value behaviour that helps to control power system frequency. This also includes the introduction of frequency performance payments to participants that reduce the need for the procurement of regulation FCAS; and
- new reporting obligations for AEMO and the AER in relation to the levels of aggregate frequency responsiveness in the power system and the costs of frequency performance. This change is designed to support the provision of relevant information to market participants and to enable stakeholders to assess the effectiveness of the arrangements for frequency control, moving forward.

Submissions on the draft determination were due by 28 October 2021.

Read more [here](#).

## Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 October 2021)				
Settlement under low operational demand	10 October 2021	NER 2021 No. 10	7 October 2021	<p>The AEMC has made a final rule to amend the definition of 'customer energy' in clauses 3.15.6A(a0) and 3.15.8(a0) of the NER, to allow AEMO to implement the flooring mechanism initially proposed by Infigen.</p> <p>This rule removes any ambiguity in the NER that could have prevented AEMO from introducing the flooring mechanism. It is designed to prevent market customers from receiving payments for having net negative loads during a trading interval, as this could result in an over-recovery of non-energy costs and an inequitable distribution of these costs between market customers.</p> <p>This rule is a temporary solution to address urgent payment settlement risks that arise in low net demand conditions. A more permanent solution may potentially be progressed through the '<i>Integrating energy storage systems into the NEM</i>' rule change request.</p> <p>Read more <a href="#">here</a>.</p>
Efficient management of system strength on the power system	24 October 2021 (Schedule 10)  1 December 2022 (Schedules 1, 2 and 9)  15 March 2023 (Schedules 3 to 8)	NER 2021 No. 11	21 October 2021	<p>This final rule aims to facilitate simpler, faster and more predictable connections for new renewable generators and storage providers, while continuing to support the stability of the power system. As the NEM's generation mix decarbonises and the uptake of inverter based resources (<b>IBR</b>) accelerates, the demand for essential system services, including system strength, has been increasing. Inadequate levels of system strength can lead to higher wholesale electricity prices due to delays in the connection process, as well as AEMO having to frequently intervene to maintain system security.</p> <p>To address these issues, the final rule is comprised of three components:</p> <ol style="list-style-type: none"> <li><b>1. Maximising supply of system strength:</b> introduction of a new system strength standard that must be adhered to by a subset of Transmission Network Service Providers (<b>TNSPs</b>), known as System Strength Service Providers (<b>SSS Providers</b>). These SSS Providers (ie TasNetworks, TransGrid, Powerlink, AEMO and ElectraNet) are required to use reasonable endeavours to plan system strength services to meet AEMO's forecast of IBR connections for each system strength node and three-phase fault level for each node. SSS Providers must determine what services they need to procure in order to meet the standard.</li> </ol>

				<p>2. <b>Minimising demand for system strength:</b> introduction of two new access standards for generators and for market network service providers and other loads that connect under Chapter 5 of the NER. These new access standards establish minimum requirements in relation to short circuit ratio and voltage phase shift angles, and also set out the maximum level of system strength that connecting parties can demand from the system.</p> <p>3. <b>Coordinating supply and demand:</b> allowing generators and other large loads to elect whether to pay to use system strength services offered by TNSPs (with the charge designed to reflect the system strength costs that a connection party would impose on the grid) or to provide their own system strength instead. This is designed to incentivise generators and other loads to invest in their own system strength, and in turn, minimise demand for the procurement of system strength services. The system strength mitigation requirement expands the current 'do no harm' arrangements, and now includes an option for new connections to pay charges to avoid full impact assessments and other related remediation obligations.</p> <p>Read more <a href="#">here</a>.</p>
Generator registrations and connections	<p>24 October 2021 (Schedule 2)</p> <p>21 April 2022 (Schedule 1)</p>	NER 2021 No. 12	21 October 2021	<p>This more preferable final rule has been made in response to two separate rule change requests:</p> <ul style="list-style-type: none"> <li>• <i>Generator registration and connections</i>, submitted by the Australian Energy Council; and</li> <li>• <i>Improving connection process for embedded generators</i>, submitted by Mr Damien Vermeer.</li> </ul> <p>Both requests pertained to issues in relation to requirements for smaller (5-30MW) generators and increasing the transparency of AEMO's processes and decision-making.</p> <p>There are two major components of this final rule determination:</p> <ol style="list-style-type: none"> <li>1. The AEMC has decided against lowering the scheduling threshold for smaller generators (5-30MW), on the basis that there is no evidence to suggest these smaller generators are having a significant impact on forecasting and dispatch processes and requiring these generators to be scheduled would impose significant costs on them. In addition, the issues raised in the rule change requests in relation to increasing visibility and dispatchability of smaller participants, will largely be dealt with as part of the ESB's 'scheduled lite' work program in a more holistic way.</li> <li>2. The more preferable rule also requires AEMO to develop, publish and maintain a registration information resource and guideline on the process for registration, classification and exemption under Chapter 2 of the NER. AEMO will also be</li> </ol>

				<p>required to consult on material amendments to the registration information resource and guideline, which are likely to affect participant's rights.</p> <p>Read more <a href="#">here</a>.</p>
<b>Other rules not yet commenced</b>				
<p>Access, pricing and incentive arrangements for distributed energy resources (NER and NERR)</p>	<p><b>NER:</b></p> <p>19 August 2021 (Schedules 1 and 3)</p> <p>1 July 2022 (Schedule 2)</p> <p><b>NERR:</b></p> <p>19 August 2021 (Schedules 1 and 4)</p> <p>21 October 2021 (Schedule 2)</p> <p>31 March 2022 (Schedule 3)</p>	<p>NER 2021 No. 9</p> <p>NERR 2021 No. 4</p>	<p>12 August 2021</p>	<p>On 12 August 2021, the AEMC made a final rule determination that amends the NER and NERR to facilitate and support the efficient integration of distributed energy resources (<b>DER</b>), including rooftop solar, battery storage and electric vehicles, into the grid.</p> <p>The final rules comprise of three key components:</p> <ul style="list-style-type: none"> <li>• <b>Clear obligations on DNSPs to support connection of DER to the grid:</b> <ul style="list-style-type: none"> <li>○ In order to address disparities that have emerged under the existing regulatory framework in relation to DER connection and the level of export services provided to customers, the final rules clarify that 'distribution services' includes both sending energy to customers and customers exporting generated energy to the grid. This also means that existing planning and investment requirements, incentive schemes and regulatory controls on network expenditure will apply to export services</li> <li>○ As a means to provide transparency on a DNSP's approach to the integration of DER, and ensure relevant information is given to network users about opportunities for export services, the final rules require DNSPs to include certain information in relation to DER in their regulatory proposals.</li> <li>○ DNSPs will be prevented from offering a static zero export limit to small customers seeking to connect DER to the network, unless the customer requests this, or an exception in the AER's connection charge guidelines applies.</li> </ul> </li> <li>• <b>Enabling new network tariff options that reward customers:</b> <ul style="list-style-type: none"> <li>○ The final rules allow DNSPs to develop pricing options for export services (which would be part of the regulatory determination process and require approval from the AER), and also clarify that tariffs can be used to incentivise the efficient operation of the network through reward pricing, which will apply to both consumption and export services. The use of these price signals is intended to promote the efficient use of, and investment in, export services and smooth demand for these services.</li> <li>○ Given the significant policy change that allowing DNSPs to develop export pricing options represents, the final rules also introduce customer safeguards</li> </ul> </li> </ul>

				<p>and other measures to assist with the phase-in of export pricing. These measures include:</p> <ul style="list-style-type: none"> <li>▪ a requirement that DNSPs develop an export tariff transition strategy as part of their regulatory proposals to the AER;</li> <li>▪ a prohibition on DNSPs from assigning existing DER customers to an export tariff unless the customer or its retailer elects to be placed on the tariff;</li> <li>▪ a requirement that DNSPs include a basic export level for each proposed export tariff, which allows retail customers to export to the grid without charge up to that level for a 10-year period; and</li> <li>▪ increasing the individual and cumulative materiality threshold (from 0.5% to 1% and from 1% to 5% of annual revenue, respectively) under which DNSPs can implement new network tariffs, to improve the ability of DNSPs to develop and trial new network tariffs in relation to export pricing.</li> </ul> <ul style="list-style-type: none"> <li>• <b>Strengthening consumer protections and regulatory oversight by the AER:</b> To ensure that DNSPs are providing export services that meet customer expectations, the final rules introduce a number of additional regulatory oversight measures, including requirements for the AER to:             <ul style="list-style-type: none"> <li>○ publish an annual report providing information about the performance of DNSPs in providing export services to customers;</li> <li>○ undertake a review of existing arrangements, consider incentives for DNSPs to deliver efficient levels of export services and publish a report by 31 December 2022;</li> <li>○ publish a number of guidelines setting out its expectation of how DNSPs will meet the requirements of the final rules, including export tariff guidelines and a connection charge guideline; and</li> <li>○ develop customer export curtailment values (<b>CECV</b>), to guide efficient levels of network investment for the delivery of export services and for use as an input to network planning, investment and incentive arrangements. The first CECV must be published by 1 July 2022, and will be followed by annual CECV updates.</li> </ul> </li> </ul> <p>Read more <a href="#">here</a>.</p>
<p>Fast frequency response market ancillary service</p>	<p>22 July 2021 (Schedule 2) 9 October 2023 (Schedule 1)</p>	<p>NER 2021 No. 8</p>	<p>15 July 2021</p>	<p>The final rule introduces two new market ancillary service categories for fast frequency response (<b>FFR</b>) into the NER:</p> <ol style="list-style-type: none"> <li>1. very fast raise; and</li> <li>2. very fast lower.</li> </ol>

				<p>FFR refers to the delivery of a rapid active power increase or decrease by generation or load in two seconds or less, to correct a supply-demand imbalance and assist in managing power system frequency. The introduction of these new FFR markets, which operate more rapidly than existing frequency control ancillary services, contributes to the management of power system risks associated with declining inertia as the generation mix continues to shift away from synchronous generators. These new FFR services may be procured by AEMO in order to control power system frequency following sudden and unplanned generation or power system outages, and it is expected that their use will reduce the overall costs of managing power system frequency. The market arrangements for these new services will be the same as those for existing fast raise and fast lower services, including in relation to registration, scheduling, dispatch, pricing, settlement and cost allocation.</p> <p>The final rule also amends AEMO's quarterly frequency performance reporting to provide increased transparency on the interaction between these new markets, existing frequency control ancillary services and the level of inertia in the system.</p> <p>In order to implement the final rule, AEMO must review, and, where necessary, amend, the market ancillary services specification by 19 December 2022, setting out a detailed description of, and performance parameters and requirements for, the two services.</p> <p>The FFR market ancillary service arrangements will commence from 9 October 2023.</p> <p>Read more <a href="#">here</a>.</p>
Implementing a general power system risk review	<p>3 June 2021 (Schedule 2)</p> <p>10 January 2022 (Schedule 1)</p>	NER 2021 No. 5	3 June 2021	<p>The final rule replaces the existing Power System Frequency Risk Review (<b>PSFRR</b>) with the General Power System Risk Review (<b>GPSRR</b>). The GPSRR will be an annual review requiring AEMO and NSPs to identify and assess potential risks to power system security that are likely to lead to cascading outages or major supply disruptions. The AEMC considers that the need for regular, comprehensive review of the risk and resilience profile of the power system is vital as the generation mix transitions.</p> <p>The rule will require AEMO to complete the last PSFRR by 31 July 2022, and complete the first GPSRR by 31 July 2023.</p> <p>Read more <a href="#">here</a>.</p>
Bill contents and billing requirements	25 March 2021 (Schedule 2)	NERR 2021 No. 2	18 March 2021	<p>This more preferable final rule requires retailers to comply with an AER mandatory guideline containing billing requirements (the <b>Billing Guideline</b>). The rule aims to</p>

	<p>4 August 2022 (Schedule 1)</p>			<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"> <li>• includes a bill objective, setting out the purpose of an energy bill;</li> <li>• requires the AER to make a Billing Guideline, which will replace the current bill information requirements in rule 25(1) of the NERR;</li> <li>• outlines principles for the AER to take into account in making and amending the Billing Guideline;</li> <li>• 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</li> <li>• 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).</li> </ul> <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 timeframe 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 <a href="#">here</a>.</p>
<p>Technical standards for distributed energy resources</p>	<p>4 March 2021 (Schedule 3)  18 December 2021 (Schedules 1 and 2)</p>	<p>NER 2021 No. 1</p>	<p>25 February 2021</p>	<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. Consequently, the AEMC will be the body responsible for the management of the DER Technical Standards.</p> <p>The final rule requires that the following are compliant with the DER Technical Standards:</p>



				<ul style="list-style-type: none"> <li>model standing offers for basic micro embedded generator connection services for embedded generating units;</li> <li>information required to negotiate the connection of embedded generating units; and</li> <li>the minimum content requirements of connection offers for embedded generating units the subject of basic micro EG connection services.</li> </ul> <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 to 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 <a href="#">here</a>.</p>
Mandatory primary frequency response	<p>26 March 2020 (Schedule 3)</p> <p>4 June 2020 (Schedule 1)</p> <p>4 June 2023 (Schedule 2)</p>	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 0MW, 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	<p>19 March 2020 (Schedule 1)</p> <p>1 May 2022 (Schedule 2), delayed from 6 February 2022</p>	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 1 May 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>

<p>Five minute settlement and global settlement implementation amendments</p>	<p>12 August 2019 (Schedules 1 and 6)</p> <p>1 October 2021 (Schedule 2), delayed from 1 July 2021</p> <p>1 May 2022 (Schedules 3 to 5), delayed from 6 February 2022</p>	<p>NER 2019 No. 7</p>	<p>8 August 2019</p>	<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 generators.</li> </ul> <p>Regarding information provision, the rule:</p> <ul style="list-style-type: none"> <li>provides that AEMO need not run a Rules Consultation process when making minor or administrative amendments to the spot market operations timetable; and</li> <li>amends the period during which metering data providers must provide AEMO with data so that, before global settlement commences, AEMO can publish information about the potential UFE liability that market customers will be subject to.</li> </ul> <p>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>
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				Read more <a href="#">here</a> .
Global settlement and market reconciliation	13 December 2018 (Schedule 5)  1 May 2022 (Schedules 1 to 4), 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 <a href="#">here</a>.</p>



# ➤ National Gas Rules

October 2021

## Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
<b>New rule change requests (since last update 1 October 2021)</b>					
DWGM distribution connected facilities	Victorian Minister for Energy, Environment and Climate Change	21 October 2021	Consultation on consultation paper	2 December 2021	<p>This rule change request seeks to amend Part 19 of the National Gas Rules, in order to integrate distribution connected facilities into the Victorian Declared Wholesale Gas Market (<b>DWGM</b>). Currently, only facilities that are connected to the declared transmission system are permitted to participate in the DWGM.</p> <p>Distribution connected facilities include hydrogen, biomethane and other renewable gas facilities. These types of facilities are already able to participate in gas markets elsewhere. For example, the rules governing the Short Term Trading Markets in Sydney, Adelaide and Brisbane have recognised distribution connected facilities for over a decade.</p> <p>This rule change process is being undertaken concurrently with various reviews by the AEMC, AEMO and jurisdictional officials, into different aspects of the national gas regulatory framework, to determine amendments required in order to bring hydrogen and renewable gas blends within the scope of the framework.</p> <p>The changes proposed by the rule change request broadly relate to:</p> <ol style="list-style-type: none"> <li>1. market operations including registration categories, scheduling, bidding and demand forecasts and constraints;</li> <li>2. market settlements including title, custody and risk, allocations and default notices; and</li> <li>3. system operation and planning including connection requirements, metering and gas quality management.</li> </ol> <p>The consultation paper sets out three potential solutions to the issues relating to the participation of distribution connected facilities in the DWGM. The proponent's preferred option is to:</p> <ul style="list-style-type: none"> <li>• integrate distribution connected facilities in supply / demand scheduling from declared networks;</li> <li>• introduce new gas injection points for distribution supply facilities to offer gas into the DWGM; and</li> <li>• amend the definition of 'demand' in the DWGM to incorporate all gas usage, whether from the transmission or distribution system, and to reflect the</li> </ul>

					<p>combined volumes from transmission customers and distribution demand within Victoria's gas retail market.</p> <p>The AEMC is seeking written submissions on the consultation paper by 2 December 2021. A template for stakeholder feedback has been provided in the link below.</p> <p>Read more <a href="#">here</a>.</p>
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**Existing rule change requests (as at last update 1 October 2021)**

There are no existing rule change requests since the last update.

October 2021

## Completed Rule Changes



Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
<b>Final rule determinations (since last update 1 October 2021)</b>				
There have been no new final rule determinations since the last update.				
<b>Other rules not yet commenced</b>				
DWGM simpler wholesale price	19 March 2020 (Schedule 3) 31 March 2020 (Schedule 1) 1 January 2023 (Schedule 2)	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 (<i>DWGM</i>) 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 (<i>AMDQ</i>) 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 final rule sets out the following timing for commencement:</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 Improvement to AMDQ regime) Rule 2020</i> commences (see below).</li> </ul> <p>Read more <a href="#">here</a>.</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
DWGM improvement to AMDQ regime	19 March 2020 (Schedule 2) 1 January 2023 (Schedule 1)	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 (<b>AMDQ CCs</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 CCs as these expire before the commencement of the new regime on 1 January 2023. The AEMC 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 CCs 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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