

National Electricity and Gas Rules Update 2023

February 2023 | Rule changes as at 1 March 2023

National Electricity Rules

No new requests, draft determinations or final determinations

National Energy Retail Rules

No new requests, draft determinations or final determinations

National Gas Rules

No new requests, draft determinations or final determinations

Opportunities for Stakeholders

No opportunities for submissions

Energy Reform

AEMC consultation paper on rule change request for efficient provision of inertia

On 2 March 2023, the AEMC released a consultation paper on the Australian Energy Council (AEC)'s rule change request, which proposes the introduction of an ancillary service spot market for the provision of inertia. The rule change request seeks to address the challenge of declining system inertia in light of the accelerated retirement of synchronous coal and gas-fired generation and the prevalence of inverter-based resources in the NEM.

Under the current framework, AEMO determines the minimum levels of inertia required for each NEM region, and if it identifies a shortfall, the relevant TNSP must provide inertia services through network investment or procurement. The AEC considers this framework to be inefficient, and not fit for the long-term security needs of the power system.

In addition to seeking feedback on the AEC's proposal in the consultation paper, the AEMC has identified a number of alternative options on which it is also seeking feedback. These options are to:

- introduce a close to real-time market, in which AEMO would seek bids for inertia in the lead-up to dispatch;
- pay inertia providers based on a 'marginal value of inertia', to relieve inertia constraints where this produces an economic benefit for the market;
- implement a rate of change of frequency control service market, where participants make offers to supply control services, and these control services are co-optimised with dispatch and other frequency services;
- consider any adjustments that could be made to the current framework (eg requiring TNSPs to provide minimum levels of inertia even where AEMO does not identify a shortfall);
- require AEMO to procure inertia to meet system needs through bilateral forward contracts; or
- maintain the current framework until further technical work on inertia requirements has been undertaken.

The consultation paper has been informed by stakeholder feedback on the *Essential system services and inertia in the NEM* joint paper published by the AEMC and AEMO in June 2022, and the rule change request will continue to be considered alongside the ESB's essential system services workstream. The deadline for stakeholder submissions on the consultation paper is 31 March 2023, and the AEMC will publish a draft determination on 29 February 2024.

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



Kate Axup

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



Andrew Mansour

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



Jodi Reinmuth

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



Melissa Keane

Partner
Melbourne
+61 3 9613 8806
Melissa.Keane@allens.com.au



Karla Drinkwater

Partner
Brisbane
T +61 7 3334 3337
Karla.Drinkwater@allens.com.au



Louis Chiam

Partner
Melbourne
T +61 3 9613 8867
Louis.Chiam@allens.com.au



National Electricity Rules

Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests (since last update 1 February 2023)					
There have been no new rule change requests since the last update.					
Existing rule change requests (as at last update 1 February 2023)					
Unlocking CER benefits through flexible trading	AEMO	8 December 2022	Consultation on consultation paper	Deadline passed (16 February 2023)	<p>This rule change request builds on the ESB's post-2025 market design recommendations, and proposes new arrangements to promote a flexible trading market for consumer energy resources (CER), such as rooftop solar, batteries and electric vehicle chargers. Specifically, this rule change request seeks to amend the existing model whereby CER are usually connected at one connection point with one associated meter, as AEMO considers that this model prevents consumers from contracting on different terms (including price) and with multiple financially responsible market participants (FRMP) for different components of their load, and therefore optimising the value of their CER.</p> <p>While it is currently possible for consumers to contract their CER on an individual basis by establishing multiple connection points, AEMO's view is that existing network policies and the time, costs and impracticality of establishing new connections for CER operate as a significant disincentive for consumers to deal with their CER in this way.</p> <p>To facilitate the flexible trading market, AEMO proposes that new 'secondary settlement points' be created for CER behind consumers' current meters, so that CER can be separately identified and metered. Consumers could choose from a variety of options regarding their secondary settlement points, such as to have one secondary settlement point for all flexible CER devices (with its residual electrical load measured by the primary settlement point) or to have individual secondary settlement points for each CER device. In turn, this would give consumers the flexibility to take up different service and price offerings with one or more FRMP for their different settlement points, and unlock greater value from their CER as a result.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>AEMO has also proposed a new category of metering installation ('minor energy flow meters') to be used at secondary settlement points. AEMO considers that current metering requirements may be cost prohibitive and unnecessarily complex if applied to secondary settlement points.</p> <p>The AEMC is seeking stakeholder feedback on the following issues outlined in the consultation paper:</p> <ul style="list-style-type: none"> the types of value and benefits consumers are seeking to access through their CER, and the types of offers currently available to consumers to access these benefits; current barriers for consumers as a result of having one connection point (and one associated meter) for their CER; benefits of having several market settlement points with one FRMP; benefits and challenges of contracting with multiple FRMPs at a single premises and different models for introducing multiple FRMPs; AEMO's specific proposal to introduce secondary settlement points and minor energy flow metering installations at secondary settlement points; and consumer risks and protections associated with AEMO's proposal. <p>Submissions on the consultation paper were due by 16 February 2023. The AEMC will publish a draft determination on 31 August 2023.</p> <p>Read more here.</p>
Efficient reactive current access standards for inverter-based resources	Renewable Energy Revolution Pty Ltd (RER)	26 May 2022	Consultation on draft determination	Deadline passed (3 February 2023)	<p>This rule change request proposes a change to the existing reactive current access standards that inverter-based resources must comply with in order to connect to the NEM. In particular, the request seeks to move away from a static maximum reactive current fault-response requirement of 100% of the unit's maximum continuous current, to a fault-response requirement that is less than 100% and varies based on the reactance to resistance ratio of the connection point. RER's view is that moving to a response requirement of less than the maximum continuous current will enable a higher amount of active current response, which in turn, will further support voltage.</p> <p>This rule change seeks to address RER's concern that the existing reactive current injection standard is not appropriate for areas in the network with low inductance resistance ratios, and may lead to:</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<ul style="list-style-type: none"> insufficient voltage support at connection points with low inductance resistance ratios; and a reduced ability for inverters to monitor voltage during and after a fault. <p>The AEMC has consolidated this rule change request with the <i>'Performance standards for reactive current response to disturbance'</i> rule change request, as both rule changes seek to amend the existing reactive current fault-response requirements for connecting plant, to better reflect the location-specific needs of the power system.</p> <p>Submissions on the consultation paper were due by 23 June 2022.</p> <p>On 15 December 2022, the AEMC published a draft determination and a more preferable draft rule. This more preferable draft rule intends to promote efficiency in connection requirements for inverter-based technologies (such as battery energy storage systems, and wind and solar farms), while preserving system security. The draft rule seeks to do this by establishing a more efficient level of reactive current capability to be provided by inverter-based generators, and synchronising the existing minimum reactive current capability access standard with the specific needs of the power system.</p> <p>The more preferable draft rule has the following key features:</p> <ul style="list-style-type: none"> reducing the minimum reactive current capability access standard for inverter-based generators to what is essentially a 'do no harm' standard; deleting the settling time requirement in the current standard; establishing a new standard for commencement times and amending the rise time standard, to incentivise a faster response; and allowing for the negotiation of minimum access standards in outlier cases, taking into account whether it is efficient for generators to invest in additional capability to provide a reactive current response. <p>The draft determination also clarifies a number of aspects of the current rules by:</p> <ul style="list-style-type: none"> requiring that timeframes negotiated for active power to return to pre-fault levels also take into account the time required for voltages to return to a stable level (between 90% and 110% of the normal voltage levels);

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<ul style="list-style-type: none"> providing a definition of 'maximum continuous current' calculated as a ratio of the rated apparent power of the generating system and the normal voltage of the connection point; and amending the definition of 'continuous uninterrupted operation', recognising that existing generators should not be exposed to increased disturbances as a result of the connection of new generators. <p>There are also transitional arrangements proposed for the assessment of connections from 10 weeks after the date of publication of the final rule, with all connections proceeding to assessment against the existing reactive current minimum access standard before this time.</p> <p>Submissions on the draft determination were due by 3 February 2023.</p> <p>Read more here.</p>
Performance standards for reactive current response to disturbance	GE International Inc, Goldwind Australia Pty Ltd, Siemens Gamesa Renewable Energy Pty Ltd, Vestas Australia Wind Technology Pty Ltd	26 May 2022	Consultation on draft determination	Deadline passed (3 February 2023)	<p>This rule change request is intended to address concerns that the existing reactive current fault-response minimum access standard, which inverter-based resources must comply with in order to connect to the NEM, does not adequately suit the needs of the power system at all points in the network.</p> <p>More specifically, the Proponents' view is that for inverter-based resources:</p> <ul style="list-style-type: none"> the amount of reactive current capability that must be provided following a fault under the minimum access standard is not set at an appropriate level; compliance requirements are not mutually understood by AEMO, TNSPs and connecting proponents; and discrepancies between the reactive current response standards and other related standards give rise to difficulties in complying with all standards simultaneously. <p>In light of these issues, the rule change request proposes to:</p> <ul style="list-style-type: none"> lower the minimum level of reactive current capability required to be installed by generators at the connection point to zero; assessing compliance with reactive current requirements at the generator unit terminal, rather than the connection point; simplify reactive current requirements to make them less onerous; and clarify potential inconsistencies between obligations to provide a reactive power response to maintain voltage levels and an active power response to maintain frequency levels.

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>The AEMC has consolidated this rule change request with the <i>'Efficient reactive current access standards for inverter-based resources'</i> rule change request, as both rule changes seek to amend the existing reactive current fault-response requirements for connecting plant, to better reflect the location-specific needs of the power system.</p> <p>Submissions on the consultation paper were due by 23 June 2022.</p> <p>On 15 December 2022, the AEMC published a draft determination and a more preferable draft rule. This more preferable draft rule intends to promote efficiency in connection requirements for inverter-based technologies (such as battery energy storage systems, and wind and solar farms), while preserving system security. The draft rule seeks to do this by establishing a more efficient level of reactive current capability to be provided by inverter-based generators, and synchronising the existing minimum reactive current capability access standard with the specific needs of the power system.</p> <p>The more preferable draft rule has the following key features:</p> <ul style="list-style-type: none"> • reducing the minimum reactive current capability access standard for inverter-based generators to what is essentially a 'do no harm' standard; • deleting the settling time requirement in the current standard; • establishing a new standard for commencement times and amending the rise time standard, to incentivise a faster response; and • allowing for the negotiation of minimum access standards in outlier cases, taking into account whether it is efficient for generators to invest in additional capability to provide a reactive current response. <p>The draft determination also clarifies a number of aspects of the current rules by:</p> <ul style="list-style-type: none"> • requiring that timeframes negotiated for active power to return to pre-fault levels also take into account the time required for voltages to return to a stable level (between 90% and 110% of the normal voltage levels); • providing a definition of 'maximum continuous current' calculated as a ratio of the rated apparent power of the generating system and the normal voltage of the connection point; and • amending the definition of 'continuous uninterrupted operation', recognising that existing generators should not be exposed to increased disturbances as a result of the connection of new generators.

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>There are also transitional arrangements proposed for the assessment of connections from 10 weeks after the date of publication of the final rule, with all connections proceeding to assessment against the existing reactive current minimum access standard before this time.</p> <p>Submissions on the draft determination were due by 3 February 2023.</p> <p>Read more here.</p>
Operational security mechanism (previously 'Synchronous services markets')	Hydro Tasmania	2 July 2020	Preparation of final determination	Deadline passed (17 November 2022)	<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, and 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 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>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>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<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 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"> • market ancillary services (MAS) approach: 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 • non-market ancillary services (NMAS) approach: 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. <p>The NMAS approach is currently preferred by the AEMC, and also reflects the approach underpinning the ESB's unit commitment for security and synchronous services mechanism, recommended in its final advice.</p> <p>Submissions on the directions paper were due by 21 October 2021.</p> <p>On 2 December 2021, the AEMC extended the timeframe to make a draft determination until 30 June 2022.</p> <p>On 2 February 2022, the AEMC consolidated this rule change request with the '<i>Capacity commitment mechanism for system security and reliability services</i>' rule change request submitted by Delta Electricity. The AEMC considers that both rule changes seek to address the issue of the scheduling and procurement of essential system services, and therefore should proceed through a combined process (with the updated name '<i>Operational security mechanism</i>').</p> <p>On 23 June 2022, the AEMC extended the timeframe to make a draft determination until 25 August 2022, to give the AEMC sufficient time to work through the complex issues raised in stakeholder submissions to the directions paper.</p> <p>On 25 August 2022, the AEMC further extended the timeframe for making a draft determination until 22 September 2022.</p> <p>On 21 September 2022, the AEMC published a draft determination and a more preferable draft rule on the combined '<i>Operational security mechanism</i>' rule change request. The draft rule would establish an operational security mechanism (OSM) to</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>enable the procurement and scheduling of essential security services that are not already procured through a market. The OSM would be based on the NMAS approach contained in the directions paper (with some updates following stakeholder feedback, further analysis by the AEMC and advice from AEMO and the AER), however key elements of the MAS approach will also be incorporated.</p> <p>Under the draft rule:</p> <ul style="list-style-type: none"> • AEMO would define system security services and needs and accredit market participants to provide system security services; • market participants who wish to offer bids into the OSM would be required to submit multi-part bids, comprising both a variable price component in \$/MWh and a fixed enablement component; • revenue for participants who provide security services would be determined based on their OSM offer prices, and participants who provide both energy and security services would be allocated OSM revenue for generation associated with their provision of security services, with excess generation paid at spot market prices; • OSM costs would be allocated to market customers, reflecting regional benefits and load proportions; • offers into the OSM would be made close to real-time, to provide clearer price signals and reflect current market conditions; • contracts for security services (such as system strength and network support and control ancillary services) entered into by NSPs and service providers during the planning timeframe, could also be scheduled through the OSM; • the procurement and dispatch of security services would occur alongside existing energy and FCAS markets; and • the AEMO directions process would not change, however the OSM would reduce reliance on the directions process and allow it to be used for its intended purpose as a backstop arrangement. <p>The AEMC proposes that the OSM would take effect on 1 October 2025.</p> <p>The AEMC held a public forum on 6 October 2022 to provide an overview of the draft rule, a 'deep dive' on market power issues on 20 October 2022 and a 'deep dive' on technical elements of the draft rule on 3 November 2022.</p> <p>Submissions on the draft determination were due by 17 November 2022.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>On 22 December 2022, the AEMC extended the timeframe for making a final determination until 27 July 2023.</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 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"> 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. <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</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>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 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 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 was to 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>On 18 November 2021, the AEMC further extended the timeframe to make a draft determination until 30 June 2023, to give the AEMC more time to consider the complexity of the issues raised and to gather more information as the energy system evolves, in relation to things such as the operation of five-minute settlements and delivery of the post-2025 reforms by the ESB.</p> <p>Read more here.</p>
Operational security mechanism (previously 'Capacity	Delta Electricity	2 July 2020	Preparation of final determination	Deadline passed (17 November 2022)	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.

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
commitment mechanism for system security and reliability services')					<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 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, 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>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"> • market ancillary services (MAS) approach: 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

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<ul style="list-style-type: none"> non-market ancillary services (NMAS) approach: 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. <p>The NMAS approach is currently preferred by the AEMC, and also reflects the approach underpinning the ESB's unit commitment for security and synchronous services mechanism, recommended in its final advice.</p> <p>Submissions on the directions paper were due by 21 October 2021.</p> <p>On 2 December 2021, the AEMC extended the timeframe to make a draft determination until 30 June 2022.</p> <p>On 2 February 2022, the AEMC consolidated this rule change request with the '<i>Synchronous services markets</i>' rule change request submitted by Hydro Tasmania. The AEMC considers that both rule changes seek to address the issue of the scheduling and procurement of essential system services, and therefore should proceed through a combined process (with the updated name '<i>Operational security mechanism</i>').</p> <p>On 23 June 2022, the AEMC extended the timeframe to make a draft determination until 25 August 2022, to give the AEMC sufficient time to work through the complex issues raised in stakeholder submissions to the directions paper.</p> <p>On 25 August 2022, the AEMC further extended the timeframe for making a draft determination until 22 September 2022.</p> <p>On 21 September 2022, the AEMC published a draft determination and a more preferable draft rule on the combined '<i>Operational security mechanism</i>' rule change request. The draft rule would establish an operational security mechanism (OSM) to enable the procurement and scheduling of essential security services that are not already procured through a market. The OSM would be based on the NMAS approach contained in the directions paper (with some updates following stakeholder feedback, further analysis by the AEMC and advice from AEMO and the AER), however key elements of the MAS approach will also be incorporated.</p> <p>Under the draft rule:</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<ul style="list-style-type: none"> • AEMO would define system security services and needs and accredit market participants to provide system security services; • market participants who wish to offer bids into the OSM would be required to submit multi-part bids, comprising both a variable price component in \$/MWh and a fixed enablement component; • revenue for participants who provide security services would be determined based on their OSM offer prices, and participants who provide both energy and security services would be allocated OSM revenue for generation associated with their provision of security services, with excess generation paid at spot market prices; • OSM costs would be allocated to market customers, reflecting regional benefits and load proportions; • offers into the OSM would be made close to real-time, to provide clearer price signals and reflect current market conditions; • contracts for security services (such as system strength and network support and control ancillary services) entered into by NSPs and service providers during the planning timeframe, could also be scheduled through the OSM; • the procurement and dispatch of security services would occur alongside existing energy and FCAS markets; and • the AEMO directions process would not change, however the OSM would reduce reliance on the directions process and allow it to be used for its intended purpose as a backstop arrangement. <p>The AEMC proposes that the OSM would take effect on 1 October 2025.</p> <p>The AEMC held a public forum on 6 October 2022 to provide an overview of the draft rule, a 'deep dive' on market power issues on 20 October 2022 and a 'deep dive' on technical elements of the draft rule on 3 November 2022.</p> <p>Submissions on the draft determination were due by 17 November 2022.</p> <p>On 22 December 2022, the AEMC extended the timeframe for making a final determination until 27 July 2023.</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, 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 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 '<i>Operating reserve market</i>' rule change request (see above). 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 on the directions paper were due by 11 February 2021.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<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 was to 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>On 18 November 2021, the AEMC further extended the timeframe to make a draft determination until 30 June 2023, to give the AEMC more time to consider the complexity of the issues raised and to gather more information as the energy system evolves, in relation to things such as the operation of five-minute settlements and delivery of the post-2025 reforms by the ESB.</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 February 2023)				
There have been no new final rule determinations since the last update.				
Other rules not yet commenced				
Amending the administered price cap	17 November 2022 (Schedule 3) 1 December 2022 (Schedule 1) 1 July 2025 (Schedule 2)	NER 2022 No. 11	17 November 2022	<p>This final rule increases the administered price cap (APC) under the NER on a transitional basis from \$300/MWh to \$600/MWh, with effect from 1 December 2022 until 30 June 2025. The APC is the maximum spot price paid to generators in the NEM during an administered price period (APP). The APC is designed to limit market participants' financial exposure to spot prices during extended periods of significant price volatility, while also providing adequate spot market revenue to generators to cover their short-term costs and encourage continued dispatch into the market. An APP is triggered when the sum of spot prices in the preceding seven-day period exceeds the Cumulative Price Threshold (CPT), currently \$1,398,100.</p> <p>The AEMC's view is that the final rule will:</p> <ul style="list-style-type: none"> ensure the APC sufficiently covers the variable operating costs of most generators, and in doing so, promote power system security and reliability by encouraging generators to dispatch in line with their normal practices during an APP; reduce potential constraints on AEMO's ability to effectively operate the NEM and manage system security during an APP; and reduce the cost borne by consumers, by lowering dispatch costs and minimising compensation payments to generators. <p>The AEMC did not make any transitional changes to the CPT as part of this final rule.</p> <p>The Reliability Panel has reviewed the APC and CPT for the period from 1 July 2025 to 30 June 2028 as part of its 2022 Reliability Standard and Settings Review. The final report, published on 1 September 2022, recommended that the APC be increased to \$500/MWh and the CPT be increased in three progressive annual adjustments to reach \$2,193,000 by the end of the relevant period. The recommendations made by the Reliability Panel are required to be implemented through the rule change request process. This final rule will therefore apply on a transitional basis, with longer-term settings to be considered as part of the Reliability Panel's rule change request.</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				Read more here .
Material change in network infrastructure project costs	27 October 2022 (Schedule 2) 9 October 2023 (Schedule 1)	NER 2022 No. 10	27 October 2022	<p>This more preferable final rule amends the regulatory investment test (RIT) by requiring certain RIT proponents to develop reopening triggers, which are used to determine whether a material change in circumstances has occurred. If reopening triggers are met, the proponent would be required to assess whether the preferred option initially identified through the RIT remains the most beneficial option in light of the change in circumstances.</p> <p>The final rule:</p> <ul style="list-style-type: none"> requires all RIT proponents to consider whether there has been a material change in circumstances after completion of the RIT, such as a change in identified need; requires RIT proponents (other than AEMO where it is the sole proponent) of projects with an estimated cost of at least \$100 million to develop reopening triggers, which are used to determine whether a material change in circumstances has occurred and therefore to assess whether the preferred option identified under the RIT still represents the most net beneficial option. This is different from the original rule change request, which proposed that the RIT be reapplied where project costs had increased by more than a particular percentage; if a material change in circumstances has occurred (including by a reopening trigger being met), requires RIT proponents to inform the AER of its proposed course of action (rather than reapplying the RIT as a default, as proposed in the original rule change request), which the AER may accept, reject or modify. The proponent must submit supporting analysis and consider certain factors (including the expected timeframe) when proposing a course of action; requires proponents of contingent projects to provide the AER with a separate statement confirming whether a material change in circumstances has occurred. This statement must include supporting analysis, as well as any notification of the material change in circumstances made to the AER and the course of action taken (if relevant); and clarifies the rules governing the RIT guidelines for cost estimation (particularly in relation to cost estimate classification systems and contingency allowances). <p>The final rule will commence on 9 October 2023. The AER is required to publish updated guidelines for the application of the RIT and updated Cost Benefit Analysis</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>guidelines before this commencement date, which will include guidance to proponents in relation to developing reopening triggers.</p> <p>Read more here.</p>
Protecting customers affected by family violence	<p>21 September 2022 (Schedule 4)</p> <p>1 May 2023 (Schedules 1, 2 and 3)</p>	NERR 2022 No. 1	15 September 2022	<p>This final rule amends the NERR to better protect and provide practical and targeted support to customers affected by family violence.</p> <p>Key aspects of the final rule include obligations on energy retailers to:</p> <ul style="list-style-type: none"> • have regard to customer safety as a first priority, when dealing with an affected customer; • not disclose an affected customer's confidential information to any other person without the affected customer's consent; • identify and use an affected customer's preferred method of communication, to the extent of any inconsistency with a communication method required in the NERR or in a customer's retail contract; • prior to taking any enforcement action, consider the impact of debt recovery processes on an affected customer, and whether other people may be liable for the energy usage that resulted in the debt accruing. This also applies when a retailer is considering disconnection; • develop and implement a family violence policy, which will be available on the retailer's website and prevail to the extent of any inconsistency with an affected customer's market retail contract. • ensure that all relevant staff are trained to identify, engage with and assist customers affected by family violence, and minimise the need for affected customers to repeatedly disclose their circumstances; • remove any requirements for documentary evidence to prove that a customer is affected by family violence as a precondition to accessing protections; • provide affected customers with details of external family violence support services and maintain a current list of external support services on their website; and • recognise that an affected customer is likely to experience payment difficulties or be a hardship customer. If a retailer determines an affected customer is experiencing payment difficulties or is a hardship customer, it must extend the protections currently available in the NERL and NERR. The rule will also apply some of the protections currently offered to hardship customers or customers experiencing payment difficulties, to all customers experiencing family violence.

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>The AEMC has drafted the final rule broadly, to ensure that a wide range of energy customers receive the relevant protections. For example, the rule covers a broad range of different relationships within which family violence may occur, and applies to both residential and small business customers (including both open and closed energy accounts), and customers with standard and market retail contracts. The AEMC also recommends that the relevant protections be extended to customers in embedded networks.</p> <p>The AEMC intends to recommend that the obligations in relation to family violence policies (rule 76A), having regard to affected customer safety (rule 76D) and protection of affected customer information (rule 76G) be classified as Tier 1 civil penalty provisions.</p> <p>Read more here.</p>
Primary frequency response incentive arrangements	<p>8 September 2022 (Clause 7, Schedules 1, 3 and 4)</p> <p>8 June 2025 (Schedule 2)</p>	NER 2022 No. 8	8 September 2022	<p>This final rule amends the NER to value the provision of primary frequency response (PFR) by participants in the NEM pursuant to the mandatory PFR requirement, and also to encourage the voluntary provision of additional PFR.</p> <p>Key features of the final rule include:</p> <ul style="list-style-type: none"> • Frequency performance payments: a new two-sided frequency performance payments process, whereby market participants who achieve positive contribution factors (ie, behaviour that assists in controlling system frequency) will receive performance payments, and the costs of those performance payments will be borne by market participants with negative contribution factors (ie, behaviour that contributes to deviations in system frequency). This new payments process expands on the existing 'causer pays' arrangements for the allocation of FCAS costs and will commence on 8 June 2025. AEMO will also be required to develop a new frequency contribution factors procedure setting out the process for calculating contribution factors, and must publish the first procedure by 8 June 2023; • Continuation of mandatory PFR: confirmation that the requirement for scheduled and semi-scheduled generators to automatically respond to fluctuations in power system frequency (ie, the mandatory PFR requirement) will continue beyond 4 June 2023. The AEMC's view is that the continuation of mandatory PFR arrangements is justified on the basis that these arrangements send a clear signal to market

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>entrants that they are required to provide PFR and since their implementation, have been an effective mechanism to improve frequency performance; and</p> <ul style="list-style-type: none"> • Reporting: requirements for AEMO and the AER to report on levels of aggregate frequency responsiveness and the costs of frequency performance payments respectively. This change is designed to provide relevant information to market participants and to enable stakeholders to assess the effectiveness of the arrangements for frequency control moving forward. AEMO will commence reporting on aggregate frequency responsiveness in its quarterly frequency monitoring reports from 8 September 2022, and the AER is required to commence its reporting obligations from 8 June 2025. <p>Read more here.</p>
Enhancing information on generator availability in MT PASA	<p>18 August 2022 (Schedule 4)</p> <p>9 October 2023 (Schedule 1)</p> <p>3 June 2024 (Schedule 2)</p> <p>31 July 2025 (Schedule 3)</p>	NER 2022 No. 7	18 August 2022	<p>This final rule amends clause 3.7 of Chapter 3 of the NER (and corresponding aspects of clause 3.9.3D and Chapter 10) to enhance the adequacy and transparency of information that scheduled generators are required to provide to AEMO, and that AEMO is required to publish, regarding unit availability in the medium term projected assessment of system adequacy (MT PASA).</p> <p>In addition to the current requirement for generators to indicate their daily MW availability over the medium term (between seven days and 36 months), the final rule requires scheduled generators to provide a generating unit's:</p> <ul style="list-style-type: none"> • unit state in the form of standardised reason codes that explain the availability status of the unit; and • unit recall time, being the expected time to return the unit to full availability under normal conditions after a period of unavailability. <p>This additional information will be collected for the same 36-month period for MT PASA, and be published as part of the existing MT PASA process. AEMO will develop standardised reason codes that differentiate between economic reasons for unavailability, such as low wholesale prices making continued operation uncommercial, and physical reasons, such as planned maintenance. Submission of a unit recall time will only be required for certain reason codes, to be determined by AEMO.</p> <p>AEMO will define the requirements for the collection and publication of reason codes and recall times in its reliability standard implementation guideline (RSIG) and MT PASA process description. The RSIG and MT PASA process description must be</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>updated (with stakeholder consultation) and published by 30 April 2023, to allow stakeholders sufficient time to update their systems and processes. The substantive provisions of the final rule come into effect on 9 October 2023, and the requirements will also apply to scheduled bidirectional units on commencement of the <i>Integrating energy storage systems into the NEM</i> rule in June 2024.</p> <p>Read more here.</p>
AER reporting on market outcomes	19 May 2022 (Schedule 3) 29 September 2022 (Schedule 1) 3 June 2024 (Schedule 2)	NER 2022 No. 5	19 May 2022	<p>This final rule replaces the current prescriptive requirements in clause 3.13.7 of the NER with respect to reporting on significant price variations, with a principles-based approach to reporting supported by an AER guideline. The final rule is intended to address the concerns noted in the AER's rule change request, that the existing reporting requirements are overly prescriptive and no longer fit for purpose.</p> <p>Specifically, the final rule:</p> <ul style="list-style-type: none"> • removes the current reporting triggers of: <ul style="list-style-type: none"> ○ significant price variations; ○ the 30-minute price exceeding \$5,000/MWh; ○ ACCC/AEMC requests regarding particular market outcomes; and ○ market ancillary service prices significantly exceeding the spot price; • replaces those triggers with a general requirement to report on 'significant price outcomes in the spot market and any other market specified in the significant price reporting guidelines' on a quarterly basis; and • imposes a requirement on the AER to develop and publish significant price reporting guidelines for monitoring and reporting on significant price outcomes, which includes the criteria for determining significant price outcomes. <p>As part of the transitional arrangements, the AER is required to develop and publish the first significant price reporting guideline by 29 September 2022, and report on significant price outcomes that occur in the spot market during the transitional period in a timely manner.</p> <p>Read more here.</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Updating Short Term PASA	19 May 2022 (Schedule 3) 3 June 2024 (Schedule 2) 31 July 2025 (Schedule 1)	NER 2022 No. 4	5 May 2022	<p>This final rule amends 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 (ST PASA).</p> <p>In particular, the final rule will:</p> <ul style="list-style-type: none"> introduce a principles-based framework, which is directly linked to the PASA objective in clause 3.7.1(b) of the NER, to provide greater flexibility to AEMO and market participants to update ST PASA as the market continues to develop; require AEMO to develop and publish ST PASA procedures, which must be developed and amended in accordance with the consultation procedures under the NER; amend the timeframe which ST PASA covers to each 30-minute period (or such shorter period as determined by AEMO) in at least the seven trading days from and including the day of publication; and require AEMO to publish generation availability information on a dispatchable unit identifier basis, to improve the transparency of information available to market participants. <p>The final rule requires AEMO to publish the ST PASA procedures by 30 April 2025, to give stakeholders three months to comply with these procedures before the changes to ST PASA are implemented on 31 July 2025.</p> <p>Read more here.</p>
Enhancing operational resilience in relation to indistinct events	10 March 2022 (Schedule 3) 9 March 2023 (Schedule 1) 3 June 2024 (Schedule 2)	NER 2022 No. 1	3 March 2022	<p>This final rule expands the existing contingency event framework under the NER to cover 'indistinct events' (ie events that can impact several components of the power system in an unpredictable and uncertain way), to allow AEMO to more effectively and proactively manage these types of events.</p> <p>In particular, the final rule:</p> <ul style="list-style-type: none"> expands the definition of 'contingency event' in clause 4.2.3(a) of the NER to capture all 'plant' (ie all equipment involved in the generation, transmission or distribution of electrical energy), as well as sudden and unplanned changes to the energy output, consumption or flows of this equipment; expands the scope of the reclassification criteria in clause 4.2.3B of the NER, such that AEMO must now include information about the measures it may implement to maintain power system security as a result of reclassification decisions;

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<ul style="list-style-type: none"> establishes a new principle that AEMO must, where practicable, make decisions about reclassification and implement measures to manage contingency events in a way that is predictable and consistent with the reclassification criteria, to help market participants understand how these events will be generally managed by AEMO; and introduces new reporting requirements pursuant to which AEMO must consider improvements to the reclassification criteria through its regular reporting activities, and publish specific reports when it is not practicable for AEMO to act consistently with the reclassification criteria. <p>AEMO is required to update the reclassification criteria in consultation with relevant stakeholders to reflect the revised definition of 'contingency event' by 9 March 2023. The new principle and reporting requirements will also commence at this time.</p> <p>Read more here.</p>
Removal of unaccounted for energy from liable load in the Retailer Reliability Obligation	1 May 2022 (Schedule 1) 3 June 2024 (Schedule 2)	NER 2021 No. 16	23 December 2021	<p>This final rule amends clause 4A.F.3(b) of the NER to remove unaccounted for energy (UFE) from the calculation of liable load under the Retailer Reliability Obligation (RRO).</p> <p>UFE refers to all residual electricity losses in a local area that remain after calculating the sum of all recorded load, generation and distribution loss factors. UFE must be settled and paid for by market participants. Historically, UFE was billed to the incumbent local retailer under a 'settlement by difference' framework, given the incumbent retailer previously accounted for a clear majority of the energy consumed by customers within the area. However, given the increase in retail competition, this framework is no longer fit for purpose.</p> <p>AEMO considered that the incorporation of UFE introduces variability and uncertainty into the calculation of liable load that liable entities (typically retailers and some large energy users) are unable to quantify or manage. In order to address this issue, the final rule replaces the term 'adjusted gross energy' (AGE) with a new term, 'adjusted metered energy' (AME), for the purpose of calculating liable load in the RRO. AME, as compared to AGE, does not include an allocation of UFE. All other aspects of the calculation of liable load and the RRO remain unchanged.</p> <p>Read more here.</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Integrating energy storage systems into the NEM	9 December 2021 (Schedule 7) 3 June 2024 (Schedules 1 to 6)	NER 2021 No. 13	2 December 2021	<p>This final rule introduces a new participant registration category, the Integrated Resource Provider (<i>IRP</i>), which will become available in June 2024. 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 was previously the case.</p> <p>Changes to the recovery of non-energy costs have also been made through the introduction of two new data streams ie adjusted sent out energy and adjusted consumed energy, 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 incentivises participants to manage their demand for these services and takes an important step towards an efficient two-sided market.</p> <p>The final rule also maintains the existing framework to allow storage connected to the transmission network to elect whether to connect under a negotiated agreement at a negotiated price, or the prescribed service and corresponding prescribed transmission use of system (<i>TUOS</i>) charge. The AEMC is of the view that storage participants should not automatically pay network charges, including the prescribed TUOS charge. As is currently the case, TNSPs will be required to negotiate price and service levels consistent with those that have been negotiated for other transmission customers receiving the same service. In the case of storage participants, this could be zero, given many storage participants in the market have negotiated very low or zero network charges with their TNSPs.</p> <p>It is important to note that the final rule is not intended to affect existing connection agreements, including charging arrangements and existing performance standards.</p> <p>Read more here.</p>
Efficient management of system strength on the power system	24 October 2021 (Schedule 10) 1 December 2022 (Schedules 1, 2 and 9)	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 (<i>IBR</i>) accelerates, the demand for essential system services, including system strength, has been increasing. Inadequate levels of system strength</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
	15 March 2023 (Schedules 3 to 8)			<p>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"> Maximising supply of system strength: introduction of a new system strength standard that must be adhered to by a subset of TNSPs, known as System Strength Service Providers (SSS Providers). 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. Minimising demand for system strength: 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. Coordinating supply and demand: 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>Read more here.</p>
Fast frequency response market ancillary service	22 July 2021 (Schedule 2) 9 October 2023 (Schedule 1)	NER 2021 No. 8	15 July 2021	<p>The final rule introduces two new market ancillary service categories for fast frequency response (FFR) into the NER:</p> <ol style="list-style-type: none"> very fast raise; and very fast lower. <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</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>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 here.</p>
Mandatory primary frequency response	26 March 2020 (Schedule 3) 4 June 2020 (Schedule 1) 4 June 2023 (Schedule 2)	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 0MW, 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.

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



➤ 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 February 2023)					
There have been no new rule change requests since the last update.					
Existing rule change requests (as at last update 1 February 2023)					
There are no existing rule change requests.					

Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 February 2023)				
There have been no new final rule determinations since the last update.				
Other rules not yet commenced				
DWGM interim LNG storage measures	15 December 2022 (Schedules 1 and 2) 2 July 2026 (Schedule 3)	NGR 2022 No. 4	15 December 2022	<p>This more preferable final rule amends the NGR to give AEMO broader powers to address threats to system security and reliability of supply in the Victorian Declared Wholesale Gas Market (DWGM) between 2023 and 2025, in light of the recent decline in the amount of LNG held in storage and the contracted capacity at the Dandenong LNG storage facility.</p> <p>Under the final rule, AEMO would act as:</p> <ol style="list-style-type: none"> Buyer of last resort: <ul style="list-style-type: none"> AEMO will be required to contract any storage capacity at the Dandenong LNG storage facility that is uncontracted by 1 March each year. AEMO will also be able to procure any additional uncontracted storage capacity for winter that becomes available after 1 March each year. AEMO must aim to achieve a target level of contracted capacity for gas by the beginning of winter, being the highest level reasonably possible or a lower amount as determined by AEMO and approved by the Victorian Minister. AEMO will be required to relinquish contracted capacity if APA (as the LNG storage provider) requests it to do so in order to meet a request from a market participant, and may transfer LNG stock to a market participant if that participant has acquired relinquished capacity. Supplier of last resort: <ul style="list-style-type: none"> AEMO will be allowed to inject gas from its LNG reserve into the DWGM where it reasonably considers that a threat to system security is unlikely to subside without its intervention. AEMO will also be allowed to dispose of LNG stock where it is obliged to do so under a contractual or regulatory obligation (using a bid price of \$0/GJ). AEMO's LNG reserve gas may only be included in a pricing schedule and an operating schedule after all available market participants' bids have been scheduled, and AEMO's injection bids from LNG reserve must be at a price equal to the value of lost load (ie \$800/GJ).

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>The final rule also:</p> <ul style="list-style-type: none"> establishes a new cost recovery-proceeds distribution process, which requires AEMO to maintain an LNG storage measure account that must be cleared each month, and sets out the process for AEMO to recover its costs as buyer and supplier of last resort from market participants based on an allocation factor to be determined by AEMO each year; and outlines the contractual arrangements to be established between AEMO and APA (owner and operator of the Dandenong LNG facility), to facilitate AEMO's role as both buyer and supplier of last resort. <p>The rule will apply as an interim measure between 2023 and 2025 while the Energy Ministers consider and develop broader reforms to system security and reliability in the DWGM.</p> <p>Read more here.</p>
DWGM distribution connected facilities	22 September 2022 (Schedule 5) 1 January 2023 (Schedule 4) 1 May 2024 (Schedules 1, 2 and 3)	NGR 2022 No. 3	8 September 2022	<p>This more preferable final rule allows distribution connected facilities to register and participate in the DWGM from 1 May 2024. Previously, only facilities that were connected to the declared transmission system were 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>The final rule provides for:</p> <ul style="list-style-type: none"> a new registration category for distribution connected facilities and a new market participant category for blend processing operators; storage facilities to be able to bid for injections and withdrawals, and to be treated in the same way as transmission connected facilities; distribution connected facilities to bid through the DWGM, and be scheduled on an equivalent basis to transmission connected facilities; the classification of facilities that withdraw and almost immediately reinject gas back into the DWGM (eg, blend processing facilities) as net bidding facilities. These

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>facilities will bid and be scheduled for the net quantity of gas that the facility supplies;</p> <ul style="list-style-type: none"> • distributors to assess facility constraints on their networks and develop methodologies to manage these; • the allocation of capacity certificates and the transfer of title for gas injected into a declared distribution system; and • the extension of the pipeline interconnection principles, as well as other existing rules and requirements, to cover distribution connected facilities. <p>The final rule is broadly consistent with the rule change request, however the AEMC encourages stakeholders to consult with the Victorian Department of Energy, Land, Water and Planning and Energy Safe Victoria, as there are relevant Victorian-specific legislative and regulatory requirements (eg, governing gas specification and quality standards) that are beyond the scope of the AEMC's rule-making powers.</p> <p>Read more here.</p>

Disclaimer

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

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

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

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

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

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

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