

National Electricity and Gas Rules Update 2021

August 2021 | Rule changes as at 1 September 2021

⚡ National Electricity Rules

New requests	3	<i>Updating Short Term PASA; Material change in network infrastructure project costs; Contingency arrangements for five minute settlement implementation</i>
New final determinations	1	<i>Access, pricing and incentive arrangements for distributed energy resources (NER and NERR)</i>

🛒 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

Due by	Opportunity for submissions
16 September 2021	<i>Integrating energy storage systems into the NEM</i>
23 September 2021	<i>Updating Short Term PASA</i>
30 September 2021	<i>Material change in network infrastructure project costs</i>



Energy Reform

AEMC begins its Transmission Planning and Investment Review

On 19 August 2021, the AEMC announced a self-initiated Transmission Planning and Investment Review (the **Review**) into existing network planning and investment frameworks, to ensure the timely and efficient delivery of large-scale transmission projects. The Review will be split into two stages, the first involving the identification of issues associated with the current arrangements for the planning and delivery of, and investment in, major transmission projects, and the second to develop solutions to these issues.

A consultation paper has been released, which identifies two main questions for consideration and discussion:

1. whether existing ex-ante frameworks, which are designed to incentivise the efficient delivery of major transmission projects and promote the long term interests of consumers, remain fit for purpose; and
2. whether the exclusive rights held by TNSPs to build, own and operate transmission projects, in the absence of a corresponding obligation to develop these projects, causes investment uncertainty due to a misalignment between the long term interests of consumers and commercial considerations of investors.

As the NEM's generation mix decarbonises with the retirement of thermal generation and an influx of renewable energy sources which are geographically dispersed, substantial investment in efficient transmission infrastructure is key to ensuring power from new renewable generation can be delivered to consumers. To that end, the purpose of the Review is to ensure that planning, delivery and investment frameworks strike a balance between mandating rigorous assessment processes to prevent inefficient investments, and the need for timely and discrete investment in major transmission projects that deliver benefits to consumers.

In parallel with the Review, the AEMC is also considering a rule change request which proposes that the regulatory investment test (**RIT**) should be reapplied if, following completion of the RIT, the estimated cost of a transmission project materially increases above a certain threshold. This rule change request is being considered as part of the Review, as both involve the mitigation of uncertainty in transmission infrastructure investment and delivery.

Stakeholder submissions for both the Review and the rule change request are due by 30 September 2021.

Read more [here](#).

Introduction

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

National Energy Retail Rules

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

Glossary

In this document the following definitions apply:

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

For further information please contact:



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



John Greig

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



Jodi Reinmuth

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



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



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 August 2021)					
Updating Short Term PASA	AEMO	26 August 2021	Consultation on consultation paper	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 (ST PASA).</p> <p>In particular, AEMO's proposed changes seek to:</p> <ul style="list-style-type: none"> • 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; • 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; • 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 • 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). <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>The AEMC has released a consultation paper seeking feedback on the proposal. Submissions on the consultation paper are due by 23 September 2021.</p> <p>Read more here.</p>

Material change in network infrastructure project costs	ERM Power Limited, Energy Users Association of Australia (EUAA), Major Energy Users Inc., AGL Energy Limited, Delta Electricity	19 August 2021	Consultation on consultation paper	30 September 2021	<p>This rule change proposes that the regulatory investment test (RIT) 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"> • 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 \$200m) or 15% (for smaller transmission projects less than \$500m and distribution projects less than \$200m); • the AER may determine that a proponent is not required to reapply the RIT (or is only required to reapply part of the RIT); • 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 • 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. <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 are due by 30 September 2021.</p>
---	---	----------------	------------------------------------	-------------------	--

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					Read more here .
Contingency arrangements for five minute settlement implementation	AEMO	5 August 2021	Consultation on consultation paper	Deadline passed (2 September 2021)	<p>This rule change request proposes contingency options for a potential delay to the implementation of the Five Minute Settlement (5MS) and Global Settlement and market reconciliation (GS) rules, beyond 1 October 2021. Market participants are expected to continue working towards a soft start commencement date of 1 October 2021, as a delay to this commencement date will only occur if issues arise that cannot be managed by AEMO.</p> <p>However, on 1 September 2021, AEMO issued a 5MS Start Notice concluding that the NEM is ready to operate in accordance with the 5MS rule as originally scheduled on 1 October 2021.</p> <p>Read more here and here.</p>
Existing rule change requests (as at last update 1 August 2021)					
Settlement under low operational demand	Infigen Energy Limited	22 April 2021	Consultation on discussion paper	Deadline passed (26 August 2021)	<p>This rule change request seeks to change the formulas that AEMO uses to allocate non-energy costs to market customers in the NEM. In the request, Infigen noted that AEMO's current settlement system was not originally designed for a power system with bi-directional resources, and therefore the NER does not contemplate a scenario where there may be zero customer demand from which to recover non-energy costs that are allocated to energy users.</p> <p>Non-energy costs include payments for:</p> <ul style="list-style-type: none"> market and non-market ancillary services; compensation for directions, market suspension or administered pricing; and reserve contract payments. <p>On 17 June 2021, the AEMC released its draft determination to not make a rule. In light of the final rule made for AEMO's <i>NEM settlement in low, zero and negative demand conditions</i> rule change, the AEMC considered that the issues outlined by Infigen had been addressed and additional rules would not contribute to the achievement of the national electricity objective.</p> <p>On 29 July 2021, AEMO provided a submission to the draft determination which provided new information on the proposed rule change. Subsequently, on 5 August 2021, the AEMC released a discussion paper to seek stakeholder feedback in light of</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>the new information. Submissions on the discussion paper were due by 26 August 2021.</p> <p>On 12 August 2021, the AEMC extended the date to publish a final determination to 7 October 2021.</p> <p>Read more here.</p>
Enhancing operational resilience in relation to indistinct events	COAG Energy Council	17 December 2020	Consultation on consultation paper	Deadline passed (11 February 2021)	<p>This rule change request seeks to amend the NER to introduce a framework to manage indistinct events.</p> <p>The rule change request comes from a recommendation made by the AEMC in the 'Mechanisms to Enhance Resilience in the Power System – Review of the South Australian Black System Event' report, in which the AEMC found that the existing system security framework may be ill-suited to managing indistinct events and recommended introducing a framework for protected operation. Indistinct events are events that can impact multiple generators or transmission lines in an unpredictable and uncertain manner and may include major storms, widespread fires and cyber-</p>

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

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
Generator registrations and connections	Australian Energy Council Mr Damien Vermeer	8 October 2020	Consultation on draft determination	Deadline passed (19 August 2021)	<p>This rule change project seeks to amend the NER to alter the treatment of small generation in the NEM and increase the transparency and certainty of the generator registration and exemption process.</p> <p>This project is a consolidation of two rule change requests received by the AEMC in late 2020:</p> <ol style="list-style-type: none"> 1. <i>Generator registration and connections</i>, submitted by the Australian Energy Council; and 2. <i>Improving connection process for embedded generators</i>, submitted by Mr Damien Vermeer. <p>The first rule change request seeks to increase the participation of smaller generators in central dispatch to enable improved management of the power system and the efficient, secure and reliable operation of the market. The request also proposes changes to AEMO's process for granting exemptions from being registered as a scheduled or non-scheduled generator.</p> <p>Specifically, the rule change request seeks to:</p> <ul style="list-style-type: none"> • reduce the threshold for classifying generators as non-scheduled from 30MW nameplate capacity to 5MW, making the default classifications for generators above 5MW scheduled (or semi-scheduled); • narrow the grounds upon which generators can be exempt from scheduling obligations; and • require AEMO to publish its reasons for exempting a person from the requirement to register as a generator, or for classifying a generating unit as non-scheduled. <p>These proposed changes are aimed at addressing a concern that AEMO's ability to efficiently manage the power system is being compromised by the growing proportion of non-scheduled generation in the NEM, resulting from a trend towards the proliferation of smaller generators.</p> <p>The second rule change request seeks to amend the NER to remove ambiguities in the connection process for new embedded generators with nameplate capacities</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>between 5MW and 30MW, which intend to be exempt from the requirement to register as a generator with AEMO.</p> <p>On 8 October 2020, the AEMC released a consultation paper seeking feedback to help it understand the significance of the identified issues and whether the proposed solutions are appropriate. Submissions on the consultation paper were due by 17 December 2020.</p> <p>On 24 June 2021, the AEMC released a more preferable draft rule that requires AEMO to develop, maintain and publish guidelines on registration, classification and exemption processes under Chapter 2 of the Rules, for all registered participant categories. These guidelines must describe the application processes for registration, classification and exemption, as well as the aggregation process under clause 3.8.3 of the NER and the information that must be contained in energy conversion models.</p> <p>The draft rule also proposed that:</p> <ul style="list-style-type: none"> groups of generating units behind a common connection point with a combined nameplate capacity of 30MW or more will not be eligible to classify as non-scheduled, unless they meet the requirements in clause 2.2.3(b) of the NER; AEMO will no longer be required to approve a generating unit's classification as non-scheduled, if the primary purpose of the generating unit is local use and its sent out generation does not exceed, or rarely exceeds, 30MW; non-registered embedded generators must also comply with the same access arrangements as other embedded generators under Chapter 5 of the NER, if they elect to connect to a distribution network under Chapter 5 rather than Chapter 5A; and Schedule 5.2 of the NER does not apply to a person, in respect of generating units that they own, operate or control, that: <ul style="list-style-type: none"> has received an exemption from, or is automatically exempt from, the requirement to register as a generator; and the NSP is satisfied is unlikely to cause material degradation in the quality of energy supply to other users. <p>Submissions on the draft determination were due by 19 August 2021.</p> <p>Read more here.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
Integrating energy storage systems into the NEM	AEMO	20 August 2020	Consultation on draft determination	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 send out significant amounts of electricity. This new definition underpins AEMO's proposed solutions for how storage would register in the NEM and participate in dispatch, and also acts as a mechanism to clarify the fees and charges and other obligations that apply to storage.</p> <p>On 20 August 2020, the AEMC published a consultation paper seeking stakeholder feedback on the importance and urgency of these issues, and whether they require a regulatory solution. To the extent these issues are significant and require changes to the NER, the AEMC is also seeking feedback on whether the change needs to include specific definitions and rules for storage and hybrid facilities or whether a level playing field could be achieved through more minimal changes to the existing framework. Submissions on the consultation paper were due by 15 October 2020.</p> <p>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.</p> <p>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-</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>energy costs recovery. Submissions on the options paper were due by 11 February 2021.</p> <p>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.</p> <p>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> <p>Submissions on the draft determination and rule are due by 16 September 2021.</p> <p>Read more here.</p>
Synchronous services markets	Hydro Tasmania	2 July 2020	Preparation of draft determination	Deadline passed (13 August 2020)	<p>This rule change request seeks to amend the NER to create a market for 'synchronous services', including inertia, voltage control and fault level/system strength.</p> <p>The Hydro Tasmania rule change request seeks to address the shortage of 'inertia and related services' in the NEM by integrating the dispatch of a 'synchronous service' with the existing energy and frequency control ancillary services (FCAS) spot markets. It proposes to do this by changing the formulation of the constraints that are applied to the NEM dispatch engine. These reformulated constraints would allow the</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>dispatch engine to find the lowest overall cost combination of synchronous services and non-synchronous generation to deliver lower overall costs for consumers.</p> <p>This will be achieved through the following:</p> <ul style="list-style-type: none"> • amending the NER to create a new generator category of synchronous service generator (SSG) to allow AEMO to move the relevant generator's online status to the output side of AEMO's constraint equation; • having generators provide two additional fields in their spot markets bids to AEMO indicating cost and availability of synchronising units online; • paying generators based on their bid price for providing synchronous services rather than the spot price; • dispatching SSGs if doing so provided lower priced outcomes for consumers compared to the constraint binding; and • AEMO publishing two prices for each service, one including the cost of SSGs and one without. <p>On 2 July 2020, the AEMC published a single consultation paper titled '<i>System Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. The AEMC wishes to initiate the rule change requests together in order to allow stakeholders to comment on and consider the interactions between issues raised in relation to the different system services and solutions proposed. The AEMC has not yet consolidated the requests and they may be considered separately going forward.</p> <p>Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 17 June 2021, the AEMC extended the timeframe to make a draft determination until 16 December 2021. The additional time will allow the AEMC to consider the implications of various policy options while collaborating with other market bodies and stakeholders, and to consider interrelated rule change requests (eg '<i>Capacity Commitment Mechanism</i>' – EC0306), in addition to the wider ESB post-2025 market design program.</p> <p>A joint policy directions paper for both this rule change request and the '<i>Capacity Commitment Mechanism</i>' rule change request will be published on 9 September 2021.</p> <p>Read more here.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
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 change requests relating to system services. The AEMC wishes to initiate the rule change requests together in order to allow stakeholders to comment on and consider the interactions between issues raised in relation to the different system services and</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>solutions proposed. The AEMC has not yet consolidated the requests and they may be considered separately going forward.</p> <p>Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 24 September 2020, the AEMC extended the timeframe to make a draft determination until 24 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 here.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
Efficient management of system strength on the power system	TransGrid	2 July 2020	Consultation on draft determination	Deadline passed (17 June 2021)	<p>This rule change request by TransGrid seeks to abolish the 'do no harm' obligation and amend the minimum system strength requirements in the NER to allow TNSPs to be more proactive in the provision of system strength in the NEM.</p> <p>On 29 April 2021, the AEMC published a draft determination to make a more preferable draft rule, which would evolve and improve the existing frameworks for the provision of system strength that were introduced in 2017.</p> <p>The draft rule proposes three main elements, which are relevant to the supply, coordination and demand for system strength:</p> <ul style="list-style-type: none"> • Supply side: Working closely with AEMO, TNSPs would be responsible for providing efficient levels of system strength services on a forward-looking basis as a prescribed transmission service. TNSPs would be required to meet system strength planning standards at certain locations on their transmission networks. • Coordination: Customers with inverter-based resources (IBR) would have the choice between paying to use the system strength provided by TNSPs or providing their own system strength to remediate their impact. Through this mechanism, parties bearing the initial cost of providing system strength services through IBR would recover this cost over time from connecting parties. • Demand side: The draft rules prescribe new access standards to ensure that connecting parties with IBR would only use efficient volumes of this valuable pool resource. By enabling generators to take actions to reduce the system strength they require (ie by investing in IBR), this element also underpins coordination measures. <p>On 6 May 2021, a webinar briefing was held to discuss the draft rule's rationale and contents with stakeholders. Submissions in response to the draft rule determination were due by 17 June 2021.</p> <p>On 15 July 2021, the AEMC extended the timeframe to make a final determination until 21 October 2021, to allow sufficient time to analyse and consult on stakeholder submissions made in response to the draft determination.</p> <p>Read more here.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
Capacity commitment mechanism for system security and reliability services	Delta Electricity	2 July 2020	Preparation of draft determination	Deadline passed (13 August 2020)	<p>This rule change request seeks to amend the NER to introduce an ex-ante, day ahead capacity commitment mechanism and payment to provide access to operational reserves and other required system security or reliability services.</p> <p>Delta Electricity argues that as periods of low spot market prices increase, non-peaking dispatchable capacity will seek to minimise financial losses by decommitting capacity under high variable renewable energy (VRE) conditions. This means that the decommitted plant would be unavailable, as and when required to meet energy and 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. The AEMC wishes to initiate the rule change requests together in order to allow stakeholders to comment on and consider the interactions between issues raised in relation to the different system services and solutions proposed. The AEMC has not yet consolidated the requests and they may be considered separately going forward. Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 18 March 2021, the AEMC extended the timeframe to make a draft determination until 24 June 2021, to allow sufficient time to develop and consult on the commitment</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>mechanism and to further consider the complexity of the proposal. This decision was also made in order to allow effective coordination between the AEMC's work program and the ESB's post-2025 market design program.</p> <p>On 17 June 2021, the AEMC further extended the timeframe to make a draft determination until 16 December 2021. This extension will allow the AEMC to consult with stakeholders on policy design challenges and interrelationships with other rule changes (eg '<i>Synchronous Services Market</i>' – ERC0290), as well as the wider ESB post-2025 market design program.</p> <p>A joint policy directions paper for both this rule change request and the '<i>Synchronous Services Market</i>' rule change request will be published on 9 September 2021.</p> <p>Read more here.</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"> 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</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>change requests relating to system services. The AEMC wishes to initiate the rule change requests together in order to allow stakeholders to comment on and consider the interactions between issues raised in relation to the different system services and solutions proposed. The AEMC has not yet consolidated the requests and they may be considered separately going forward. Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 24 September 2020, the AEMC extended the timeframe to make a draft determination until 24 June 2021, to enable it to better align the work with the ESB's 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> <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 here.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
Compensation for market participants affected by intervention events	AEMO	11 June 2020	Consultation on directions paper	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"> include losses related to market ancillary services in the list of factors that can be considered when determining additional compensation claims lodged by affected participants; and amend the way that compensation is calculated for market customers with scheduled loads which are dispatched differently as a result of an AEMO intervention event. <p>On 11 June 2020, the AEMC published a consultation paper seeking to understand a number of issues in relation to AEMO's proposed rule change, including:</p> <ul style="list-style-type: none"> whether affected participant compensation should encompass losses associated with frequency control ancillary services (FCAS) in addition to losses associated with electricity; and whether 'BidP', an input in the formula used to calculate compensation for scheduled loads, should be amended so it refers to the highest priced band from which the scheduled load is dispatched. <p>Submissions on the consultation paper were due by 16 July 2020.</p> <p>On 24 September 2020, the AEMC made a draft determination to make a more preferable draft rule. The draft rule proposed to incorporate FCAS into the automatic 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</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>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"> 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. 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. 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. <p>Submissions on the directions paper were due by 26 August 2021.</p> <p>Read more here.</p>
Primary frequency response incentive arrangements	AEMO	19 September 2019	Consultation on directions paper	Deadline passed (4 February 2021)	<p>This rule change request seeks to amend the NER to address perceived disincentives to the voluntary provision of primary frequency response (PFR) by participants in the NEM. This is one of three rule change requests that relate to the frequency control arrangements in the NEM. The other two rule changes were submitted by Dr Peter Sokolowski and by AEMO and have now been finally determined.</p> <p>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</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>perception that the NER only requires generators to provide PFR when they are enabled to provide a frequency control ancillary service).</p> <p>On 19 December 2019, the AEMC extended the period of time for making the draft determination to 24 September 2020.</p> <p>On 2 July 2020, the AEMC published a consultation paper titled '<i>System Services Rule Changes</i>' 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.</p> <p>On 24 September 2020, the AEMC further extended the timeframe to make a draft determination until 16 September 2021, to allow AEMO to undertake further work to understand the operational and economic impacts of incentive or market-based provision of continuous primary frequency response. AEMO's advice will inform whether and how new incentive arrangements could complement or replace the '<i>Mandatory primary frequency response</i>' rule which was introduced in June 2020.</p> <p>On 17 December 2020, the AEMC published a directions paper in relation to this rule change request and Infigen Energy's '<i>Fast frequency response market ancillary service</i>' rule change request (see below).</p> <p>Submissions in response to the directions paper were due by 4 February 2021. The AEMC intends to publish a draft determination by 16 September 2021.</p> <p>Read more here.</p>

Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 August 2021)				
Access, pricing and incentive arrangements for distributed energy resources (NER and NERR)	NER: 19 August 2021 (Schedules 1 and 3) 1 July 2022 (Schedule 2) NERR: 19 August 2021 (Schedules 1 and 4) 21 October 2021 (Schedule 2) 31 March 2022 (Schedule 3)	NER 2021 No. 9 NERR 2021 No. 4	12 August 2021	<p>On 12 August 2021, the AEMC made a final rule determination which amends the NER and NERR to facilitate and support the efficient integration of distributed energy resources (DER), including rooftop solar, battery storage and electric vehicles, into the grid.</p> <p>The final rules are comprised of three key components:</p> <ul style="list-style-type: none"> • Clear obligations on DNSPs to support connection of DER to the grid: <ul style="list-style-type: none"> ○ 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 ○ 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 its regulatory proposal. ○ 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. • Enabling new network tariff options that reward customers: <ul style="list-style-type: none"> ○ 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 are intended to promote the efficient use of, and investment in, export services and smooth demand for these services. ○ Given the significant policy change that allowing DNSPs to develop export pricing options represents, the final rules also introduce customer

				<p>safeguards and other measures to assist with the phase-in of export pricing. These measures include:</p> <ul style="list-style-type: none"> ▪ a requirement that DNSPs develop an export tariff transition strategy as part of its regulatory proposal to the AER; ▪ 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; ▪ 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 ▪ 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. <ul style="list-style-type: none"> • Strengthening consumer protections and regulatory oversight by the AER: 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"> ○ publish an annual report providing information about the performance of DNSPs in providing export services to customers; ○ 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; ○ 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 ○ develop customer export curtailment values (CECV), 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. <p>Read more here.</p>
Other rules not yet commenced				
Fast frequency response market ancillary service	22 July 2021 (Schedule 2)	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"> 1. very fast raise; and

	9 October 2023 (Schedule 1)			<p>2. very fast lower.</p> <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 here.</p>
NEM settlement under low, zero and negative demand conditions	1 September 2021 (Schedule 1) 1 October 2021 (Schedule 2)	NER 2021 No. 6	17 June 2021	<p>The final rule introduces a new clause 3.15.6AA, which requires AEMO to substitute into non-energy cost allocation formulas a market customer's average adjusted gross energy (AGE) from the four most recent completed billing periods, in place of that customer's actual AGE when aggregate AGE in a region is below 150MWh in a trading interval.</p> <p>The rule aims to address the risks to NEM settlement that exist in low, zero or negative demand circumstances under the current Rules. Settlement risk has been increasing in recent years, due to a decline in minimum operational demand across the NEM, and AEMO now anticipates that South Australia could experience negative demand in a trading period by spring 2021.</p> <p>The final rule also reduces the risk that market customers with:</p> <ul style="list-style-type: none"> • net negative loads will receive payments; and

				<ul style="list-style-type: none"> net positive loads will pay disproportionately high non-energy costs, during trading intervals of low, zero or negative net regional demand. <p>This final rule is a temporary solution to the settlement and payment risks that arise in low, zero or negative demand conditions. A longer-term solution that involves gross energy flows will be provided by further NEM rule changes in relation to the integration of energy storage solutions.</p> <p>Read more here.</p>
Implementing a general power system risk review	3 June 2021 (Schedule 2) 10 January 2022 (Schedule 1)	NER 2021 No. 5	3 June 2021	<p>The final rule replaces the existing Power System Frequency Risk Review (PSFRR) with the General Power System Risk Review (GPSRR). 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 here.</p>
Semi-scheduled generator dispatch obligations	11 March 2021 (Schedule 4) 12 April 2021 (Schedule 1) 1 October 2021 (Schedule 2) 24 October 2021 (Schedule 3)	NER 2021 No. 2	11 March 2021	<p>This more preferable final rule amends the NER to require semi-scheduled generators to comply with a MW dispatch level, contained in a dispatch instruction issued by AEMO, for all dispatch intervals.</p> <p>A semi-scheduled generator is considered to have complied with its dispatch level, if:</p> <ul style="list-style-type: none"> it only varies from the dispatch level as a result of energy source availability; and in the case of a 'semi-dispatch interval', it does not exceed the dispatch level regardless of its energy source availability. <p>The effect of this final rule is that semi-scheduled generating units will be required to follow their available resource except during a semi-dispatch interval, when output is also limited to the cap specified by AEMO.</p> <p>The final rule also includes supporting changes, including a housekeeping amendment to the definition of 'inflexible, inflexibility' to capture semi-scheduled generators and a transitional requirement for AEMO to update any relevant power system operating procedure to take into account the rule change.</p> <p>Read more here. For further analysis of the potential impacts of this rule change regarding power purchase agreements, see here.</p>

Bill contents and billing requirements	25 March 2021 (Schedule 2) 4 August 2022 (Schedule 1)	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 Billing Guideline). The rule aims to simplify energy bills to enable households and small business to better understand and manage their energy usage and costs.</p> <p>The final rule:</p> <ul style="list-style-type: none"> includes a bill objective, setting out the purpose of an energy bill; requires the AER to make a Billing Guideline, which will replace the current bill information requirements in rule 25(1) of the NERR; outlines principles for the AER to take into account in making and amending the Billing Guideline; allows the AER to specify in the Billing Guideline the types of billing information that a retailer must provide and whether information of different types may be provided to a small customer by different delivery methods with their consent; and removes the obligations on retailers regarding electricity consumption benchmarks in rule 170 of the NERR (noting the AER may choose to include these or similar obligations in the Billing Guideline). <p>The AEMC considers that the introduction of a Billing Guideline will simplify and increase transparency of energy bills, while also delivering a regulatory framework that is adaptable over time and reflects the variety of offers and consumer preferences in the market.</p> <p>The final rule establishes a 12-month 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 here.</p>
Technical standards for distributed energy resources	4 March 2021 (Schedule 3) 18 December 2021 (Schedules 1 and 2)	NER 2021 No. 1	25 February 2021	<p>This more preferable final rule amends the NER to require all new or replacement micro embedded generators (primarily rooftop solar systems) connecting to distribution networks to be compliant with the DER Technical Standards.</p> <p>The final rule creates a definition of 'DER Technical Standards' that incorporates Australian Standard AS 4777.2:2020, as updated from time to time, into the NER. AS 4777.2 specifies minimum performance and safety requirements for the design, construction and operation of inverters intended for grid connection of energy systems. 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"> • model standing offers for basic micro embedded generator connection services for embedded generating units; • information required to negotiate the connection of embedded generating units; and • the minimum content requirements of connection offers for embedded generating units the subject of basic micro EG connection services. <p>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 here.</p>
Wholesale demand response mechanism	<p>18 June 2020 (Schedule 6)</p> <p>31 March 2021 (Schedule 2)</p> <p>24 October 2021 (Schedules 1, 3, 4 and 5)</p>	NER 2020 No. 9	11 June 2020	<p>This final rule and determination set out a series of changes to the NER to facilitate a wholesale demand response mechanism in the NEM, responding to one of the recommendations from the AEMC's recent Reliability Frameworks Review.</p> <p>Under the final rule, a new category of market participant, a Demand Response Service Provider (DRSP), will be able to submit demand response offers to the wholesale market that will be scheduled in a manner similar to bids from generators. The DRSP will receive the spot price for the reduction in demand which it would then share with its customers.</p> <p>The mechanism introduced under the final rule is designed to provide greater opportunities for large customers to participate in the wholesale market by bidding in demand reductions as a substitute for generation, thereby unlocking under-utilised demand response in the NEM. The mechanism will promote greater demand side transparency, as well as price and reliability-related benefits.</p> <p>On 11 June 2020, AEMO also published a high level design to assist stakeholders in understanding the implementation of the wholesale demand response mechanism.</p> <p>The AEMC also determined that a retail rule change to the NERR was unnecessary, as the new mechanism does not extend to small customers.</p> <p>Read more here.</p>

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. <p>This final determination relates to two rule change requests, one from AEMO and the other from private individual Dr Peter Sokolowski, which were consolidated in December 2019.</p> <p>Read more here.</p>
Minor changes 2020	19 March 2020 (Schedule 1) 1 May 2022 (Schedule 2), delayed from 6 February 2022	NER 2020 No. 3	12 March 2020	<p>The rule corrects minor errors and makes non-material changes to the NER.</p> <p>The change to clause 3.15.5 of the NER will commence on 1 May 2022. All other changes to Chapters 3, 5 and 11 of the NER commenced on 19 March 2020.</p> <p>Read more here.</p>
Five minute settlement and global settlement implementation amendments	12 August 2019 (Schedules 1 and 6) 1 October 2021 (Schedule 2), delayed from 1 July 2021 1 May 2022 (Schedules 3 to 5), delayed from 6 February 2022	NER 2019 No. 7	8 August 2019	<p>This rule amends nine areas of the NER to assist in implementing the five-minute settlement and global settlement rule changes. For context:</p> <ul style="list-style-type: none"> The five-minute settlement rule change is due to commence on 1 October 2021 (delayed from 1 July 2021). AEMO and NEM participants must make changes prior to the commencement date such as upgrading metering to provide the required data and updating IT systems to store and process the required data. The global settlement rule is due to commence on 1 May 2022 (delayed from 6 February 2022). This rule change provides that every retailer is billed for the loss-adjusted metered electricity that is consumed within their area by customers. Currently, only the local retailer is billed for this. <p>Regarding wholesale market operations for five-minute settlement, the rule:</p> <ul style="list-style-type: none"> enables AEMO to calculate Marginal Loss Factors using 30-minute or shorter resolution data intervals;

				<ul style="list-style-type: none"> • provides for fast-start inflexibility profiles in pre-dispatch; and • provides that the Reliability Standard and Settings Guidelines need not be amended as part of the transitional arrangements for five-minute settlement. <p>Regarding global settlement, the rule clarifies that:</p> <ul style="list-style-type: none"> • non-contestable unmetered loads are to be assigned to the most appropriate Transmission Node Identified (TNI) or Virtual Transmission Node (VTN); • retailers do not have financial responsibility at a transmission or distribution boundary point; • customer loads are market loads; and • Unaccounted for Energy (UFE) will not be allocated to distribution-connected generators. <p>Regarding information provision, the rule:</p> <ul style="list-style-type: none"> • provides that AEMO need not run a Rules Consultation process when making minor or administrative amendments to the spot market operations timetable; and • amends the period during which metering data providers must provide AEMO with data so that, before global settlement commences, AEMO can publish information about the potential UFE liability that market customers will be subject to. <p>The '<i>Delayed implementation of five minute and global settlement</i>' rule change in July 2020 delayed commencement of these amendments, as well as the '<i>Global settlement and market reconciliation</i>' and '<i>Five-Minute Settlement</i>' rules discussed below, to account for the impacts of the COVID-19 pandemic.</p> <p>Read more here.</p>
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 here.</p>
Five Minute Settlement	19 December 2017 (Schedule 7)	NER 2017 No. 15	28 November 2017	<p>This rule amends the NER to reduce the settlement interval from 30 minutes to five minutes. As a result, the spot price for electricity on the wholesale market will be</p>

	1 October 2021 (Schedules 1 to 6), delayed from 1 July 2021			<p>determined for each five minute trading interval instead of the average of dispatch prices across a 30-minute timeframe. This change aligns the operational dispatch and financial settlement periods, with a view to encouraging contestability of demand response technology and improving incentives for more efficient generation.</p> <p>Five minute settlement was originally set to fully commence on 1 July 2021 however this start date was delayed to 1 October 2021 by the <i>'Delayed implementation of five minute and global settlement'</i> rule change.</p> <p>Read more here.</p>
--	--	--	--	---



National Gas Rules

Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests (since last update 1 August 2021)					
There have been no new rule change requests since the last update.					
Existing rule change requests (as at last update 1 August 2021)					
There are no existing rule change requests since the last update.					

August 2021

Allens & Linklaters

Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 August 2021)				
There have been no new final rule determinations since the last update.				
Other rules not yet commenced				
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 (DWGM) by:</p> <ul style="list-style-type: none"> requiring that when AEMO produces pricing schedules, which determine market prices, it takes into account any transmission constraints that affect withdrawals of gas at system withdrawal points at which withdrawal bids may be made; and removing the link between authorised maximum daily quantity (AMDQ) or capacity certificates and uplift payments, so that a congestion uplift category is no longer required. <p>The final rule differs from the draft rule such that the NGR no longer requires a congestion uplift category. On the basis of stakeholder consultation, the AEMC considered such a baseline-based mechanism did not appropriately allocate 'cost to cause' and would involve unwarranted complexity and cost.</p> <p>The final rule sets out the following timing for commencement:</p> <ul style="list-style-type: none"> amendments for transitional arrangements commenced on 19 March 2020; amendments relating to accounting for transmission constraints that affect withdrawals of gas at system withdrawal points in the pricing schedule commenced on 31 March 2020; and amendments relating to the congestion uplift framework are to commence on 1 January 2023, immediately after the <i>National Gas Amendment (DWGM Improvement to AMDQ regime) Rule 2020</i> commences (see below). <p>Read more here.</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
DWGM improvement to AMDQ regime	19 March 2020 (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 (AMDQ CCs), and replaces these with a new regime consisting of:</p> <ul style="list-style-type: none"> entry capacity certificates that provide injection tie-breaking benefits; and exit capacity certificates that provide withdrawal tie-breaking benefits. <p>The changes do not affect current holders of AMDQ 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 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.