National Electricity and Gas Rules Update 2023

June 2023 | Rule changes as at 1 July 2023

National Electricity Rules

New rule change requests	2	*Accommodating financeability in the regulatory framework; Concessional Finance for Transmission Network Service Providers*

National Energy Retail Rules

New rule change requests	1	*Electricity Consumption Benchmarks*

National Gas Rules

New rule change requests	1	*Compensation and dispute resolution frameworks*

Opportunities for Stakeholders

Due by	*Opportunities for submissions*
14 July 2023	*Concessional Finance for Transmission Network Service Providers*
20 July 2023	*Electricity Consumption Benchmarks; Compensation and dispute resolution frameworks*
3 August 2023	*Accommodating financeability in the regulatory framework*

Energy Reform

Consultation starts on rule changes on compensation for AEMO gas direction

The AEMC is currently considering a rule change request from the Energy Ministers' Sub-Group of the Energy and Climate Change Ministerial Council (***Energy Ministers***), in relation to the compensation provided to market participants who incur additional costs as a result of AEMO's intervention in the east coast gas system.

In line with its responsibilities to monitor and identify threats to the security and reliability of gas supply within Australia's east coast gas system, AEMO is also empowered to issue directions to market participants to address any threats identified. Market participants may incur additional costs as a result of complying with the directions issued by AEMO, and may, in turn, be entitled to compensation to recover those costs.

The compensation framework that currently applies in the east coast gas system following an intervention by AEMO is based on the existing framework for the Victorian Declared Wholesale Gas Market (***DWGM***). However, recent experiences with AEMO interventions and the application of the compensation frameworks in the DWGM and the NEM have highlighted opportunities to improve the clarity, consistency and efficiency of those frameworks, as well as the corresponding dispute resolution procedures.

In their rule change request, the Energy Ministers raised several issues with the existing compensation framework in the east coast gas system, and in order to address those issues, have proposed specific changes to the following elements of the compensation and dispute resolution frameworks:

- the governance and procedural arrangements;
- the scope of the frameworks, including eligibility for compensation and the potential for further incentives; and
- the funding of compensation claims and the allocation of costs.

The AEMC is inviting stakeholder submissions on the consultation paper until 20 July 2023, and expects to publish a final determination on 21 December 2023.

Read more here and here.

Introduction

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

National Energy Retail Rules

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

Glossary

In this document the following definitions apply:

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

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Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests (since last update 1 June 2023)					
Electricity Consumption Benchmarks	AER	22 June 2023	Consultation on consultation paper	20 July 2023	The AER's Better Bills Guideline removed the requirement for retailers to include electricity consumption benchmarks on consumer bills, effective from 30 September 2023. However, under Part 11 of the NERR, the AER is still required to develop and update these benchmarks every three years. The AER's rule change request seeks to remove this obligation to continue developing benchmarks, on the basis that: • there is limited benefit in continuing to develop and update these benchmarks, given the benchmarks no longer need to be included on retail bills (and will generally only be published on the AER's website) from 30 September 2023; and • when making energy consumption choices, consumers prefer to consider real-time, granular or historic usage data (which will become more readily available as smart meters continue to be rolled out), rather than benchmark information. The AEMC expects to publish a final determination on 17 August 2023. Read more here.
Accommodating financeability in the regulatory framework	The Honourable Chris Bowen, Minister for Climate Change and Energy	8 June 2023	Consultation on consultation paper	3 August 2023	This rule change request seeks to address issues likely to arise in the future, which would affect the ability of TNSPs to efficiently raise capital to finance actionable Integrated System Plan (***ISP***) projects, and have a substantial impact on the timely and efficient delivery of major transmission projects. One of the key issues for actionable ISP projects is that the structure of the regulatory depreciation revenue building block (straight line depreciation less forecasted indexation of capital) means that cash flows are usually reduced early on in the life of those projects. In order to combat this challenge, and based on the AEMC's recommendation following its Transmission Planning and Investment Review, the rule change request proposes to create more flexibility in the NER revenue setting

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					framework by allowing the depreciation profile of assets comprising actionable ISP projects to be varied, upon request by TNSPs. The rule change request also proposes to: • allow TNSPs to recover depreciation of biodiversity offset costs on an 'as incurred' basis, during the construction phase of an ISP project; and • require the AER to clarify the treatment of depreciation for different asset classes (including biodiversity offsets). The AEMC expects to publish a draft determination on 12 October 2023. Read more here.
Concessional Finance for Transmission Network Service Providers	The Honourable Chris Bowen, Minister for Climate Change and Energy	8 June 2023	Consultation on consultation paper	14 July 2023	This rule change request proposes to amend the NER to include a method for sharing the benefits of concessional financing of transmission infrastructure between consumers and TNSPs. The regulatory framework does not currently recognise or facilitate the pass through of concessional finance benefits to consumers (those benefits currently flow to TNSPs). This rule change has been proposed in the context of the Commonwealth Government's $20 billion Rewiring the Nation Fund and in response to the AEMC's Stage 3 Draft Report of the Transmission Planning Investment Review. Specifically, the proposed rule seeks to: • oblige TNSPs to notify the AER of the existence of concessional financing arrangements, and provide the AER with information about the benefits that the TNSP and Government Funding Body have decided to pass onto consumers; • require the AER to seek and consider submissions from the Government Funding Body on whether it intended for some or all of the concessional finance benefit to be passed onto consumers; • enable the AER to allow an agreed amount or proportion of benefit to be passed onto consumers; and • permit the AER to treat the consumer benefits of concessional finance as a capital contribution through a revenue adjustment or by adjusting the regulatory asset base (to be determined through negotiation between the TNSP and Government Funding Body). The AEMC expects to publish a draft determination on 21 September 2023.

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					Read more here.
Existing rule change requests (since last update 1 June 2023)					
Amendment of the Market Price Cap, Cumulative Price Threshold and Administered Price Cap	Reliability Panel	11 May 2023	Consultation on consultation paper	Deadline passed (22 June 2023)	This rule change request seeks to implement the Reliability Panel's final recommendations on market price settings as part of its 2022 Reliability Standard and Settings Review. Specifically, the rule change request proposes to: • progressively increase the Market Price Cap (MPC) and Cumulative Price Threshold (CPT) each year between 1 July 2025 and 30 June 2028, to achieve an MPC of $21,500/MWh and a CPT of $2,193,000 by the end of this period. These changes are intended to incentivise investment in new projects and entrant technologies in support of the reliability standard; and • from 1 July 2025, lower the Administered Price Cap (***APC***) from $600/MWh to $500/MWh (the APC was amended from $300/MWh to $600/MWh by the November 2022 *Amending the administered price cap* rule change). The rationale for this change is to avoid excessive reliance on compensation regimes during any future administered price period, which in turn increases costs for consumers, and to reduce the need for intervention by AEMO and future suspensions of the NEM. Read more here.
Efficient provision of inertia	Australian Energy Council	2 March 2023	Consultation on consultation paper	Deadline passed (31 March 2023)	The AEC's rule change request proposes to introduce an inertia spot market in the NEM. This reform is intended to support the energy transition and address the challenge of declining system inertia, caused in part by the retirement of synchronous coal and gas-fired generators and the prevalence of inverter-based resources in the NEM. The AEC's view is that the existing framework for managing and procuring system inertia is inefficient and no longer fit for purpose. The AEC's proposed design, which largely aligns with the design of existing FCAS markets, has the following features: • a centrally priced and cleared spot market for inertia, with inertia offered through competitive bids; • the volume of demand for inertia would be determined by AEMO on a dynamic basis, based on the variable needs of the power system;

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					• the market would clear at the bid price of the marginal participant, and all dispatched inertia providers would receive the same price; and • AEMO would prepare forecasts for price and inertia demand, to assist inertia spot market participants to make decisions about their bidding behaviour. In the consultation paper, the AEMC proposes alternative options to the AEC's proposed design, which are as follows: • (**Market-based mechanism**) Introduce an ahead or close to real-time market, through which AEMO would seek competitive bids to provide inertia in the lead up to dispatch. • (**Market-based mechanism**) Pay inertia providers to relieve inertia constraints, based on a 'marginal value of inertia'. • (**Market-based mechanism**) Implement a rate of change of frequency (RoCoF) control service market, which would operate in a similar way to Western Australia's wholesale electricity market RoCoF control service. • (**Structured procurement option**) Adjust the operation of the current TNSP procurement framework to address identified issues. • (**Structured procurement option**) Require AEMO to procure inertia through short or long term bilateral forward contracts. • Maintain the existing framework until further technical work is undertaken, to better understand the long-term requirements of the power system with respect to inertia. The AEMC has announced that it is currently considering improvements to the existing inertia framework through the *Operational security mechanism* rule change, and will therefore focus on completing the *Operational security mechanism* rule change before considering more complex options under this rule change. The AEMC expects to publish a draft determination on 29 February 2024. Read more here.
Unlocking CER benefits through flexible trading	AEMO	8 December 2022	Consultation on consultation paper	Deadline passed (16 February 2023)	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, AEMO seeks to encourage consumers to optimise the value of their CER by allowing them to contract on different terms

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					(including price) with multiple financially responsible market participants (***FRMP***) for different components of their load, rather than having their CER connected at one connection point with one associated meter (as per the existing model). 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. 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. 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. The AEMC expects to publish a directions paper on 27 July 2023 and a draft determination on 12 October 2023. Read more here.
Operational security mechanism (previously 'Synchronous services markets' and	Hydro Tasmania Delta Electricity	2 July 2020	Preparation of final determination	Deadline passed (17 November 2022)	Hydro Tasmania's rule change request seeks to create a market for 'synchronous services', including inertia, voltage control and fault level/system strength, and to integrate 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, in order to allow the dispatch engine to find the lowest overall cost combination of synchronous services and non-synchronous generation.

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'Capacity commitment mechanism for system security and reliability services')					Delta Electricity's rule change request seeks to introduce an ex-ante, day ahead capacity commitment mechanism that would operate outside of the spot market, and payment to provide access to operational reserves and other required system security or reliability services. 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. Key components of the capacity commitment mechanism are: • day-ahead commitment of dispatchable capacity, at a level set by AEMO to ensure peak demand (excluding variable renewable energy (***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. On 21 September 2022, the AEMC published a draft determination and a more preferable draft rule. 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. Under the draft rule: • 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;

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					• 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. The AEMC proposes that the OSM would take effect on 1 October 2025. On 25 May 2023, the AEMC published a forward direction note advising that it will be adopting a different approach to that proposed in the draft determination. In particular, this rule change will now focus on simple, immediate solutions that build on existing security frameworks to address the issues raised in the rule change request, rather than complex operational procurement mechanisms, which are costly and challenging to implement. The AEMC expects to publish a final determination on 21 December 2023. Read more here.
Operating reserve market	Infigen Energy Limited	2 July 2020	Preparation of draft determination	Deadline passed (11 February 2021)	This rule change request seeks 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. The proposed operating reserve market comprises a dispatchable, raise-only service procured similar to contingency FCAS services in real-time and co-optimised with the other energy market services. The proposed operating reserves' main features are that: • operating reserves could be procured at all times, or only during times of sufficiently tight supply/demand;

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					• 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. The AEMC expects to publish a draft determination on 5 October 2023. Read more here.
Introduction of ramping services	Delta Electricity	2 July 2020	Preparation of draft determination	Deadline passed (11 February 2021)	This rule change request seeks 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. 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. Key features of the proposed services and framework include the following: • 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

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					• 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. The AEMC expects to publish a draft determination on 5 October 2023. Read more here.

Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 June 2023)				
There have been no new final rule determinations since the last update.				
Other rules not yet commenced				
Efficient reactive current access standards for inverter-based resources	27 April 2023 (Schedules 1 and 3) 3 June 2024 (Schedule 2)	NER 2023 No. 1	20 April 2023	This final rule revises the existing minimum reactive current capability access standard, by reducing the reactive current capability that must be provided by inverter-based resources in response to a fault. The final rule: • lowers the reactive current capability requirement to a level that is greater than zero; • requires that reactive current responses commence within 40 milliseconds of a fault; • lengthens the rise time requirement from 40 to 80 milliseconds; and • removes the settling time requirement. To aid faster connection negotiations between connecting generators, NSPs and AEMO, the final rule also clarifies matters regarding active power recovery and the voltage requirements for reactive current responses. In addition, the final rule includes a new definition of 'maximum continuous current', which provides for maximum continuous current to be determined either at the connection point (based on the reactive current capability agreed through NER S5.2.5.1) or at the unit terminals, or a point between the unit terminals and the connection point (where the derating level will be agreed with AEMO and the NSP). Read more here.
Amending the administered price cap	17 November 2022 (Schedule 3) 1 December 2022 (Schedule 1)	NER 2022 No. 11	17 November 2022	This final rule increases the administered price cap (***APC***) under the NER from $300/MWh to $600/MWh, with effect 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

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	1 July 2025 (Schedule 2)			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. The AEMC did not make any transitional changes to the CPT as part of this final rule. As part of its 2022 Reliability Standard and Settings Review, the Reliability Panel recommended that, for the period from 1 July 2025 to 30 June 2028, 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 that period. This final rule will apply on a transitional basis, with any change to the longer-term settings of the APC and CPT to be considered once a rule change request is made to implement the Reliability Panel's recommendations. 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	This 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. The final rule: • 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; • 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, 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, including supporting analysis and the course of action taken (if relevant); and

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				• clarifies the rules governing the RIT guidelines for cost estimation (particularly in relation to cost estimate classification systems and contingency allowances). The AER is required to publish updated guidelines for the application of the RIT and updated Cost Benefit Analysis guidelines before 9 October 2023, including guidance to proponents on developing reopening triggers. Read more here.
Primary frequency response incentive arrangements	8 September 2022 (Clause 7, Schedules 1, 3 and 4) 8 June 2025 (Schedule 2)	NER 2022 No. 8	8 September 2022	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. Key features of the final rule include: • **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, on the basis that these arrangements send a clear signal to market entrants that they are required to provide PFR and since their implementation, have been an effective mechanism to improve frequency performance; and • **Reporting:** requirements for AEMO (from 8 September 2022) and the AER (from 8 June 2025) 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. Read more here.

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Enhancing information on generator availability in MT PASA	18 August 2022 (Schedule 4) 9 October 2023 (Schedule 1) 3 June 2024 (Schedule 2) 31 July 2025 (Schedule 3)	NER 2022 No. 7	18 August 2022	This final rule enhances the adequacy and transparency of information regarding unit availability in the medium term projected assessment of system adequacy (***MT PASA***), which scheduled generators are required to provide to AEMO. 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: • ***unit state*** in the form of standardised ***reason codes*** that explain the availability status of the unit; and • ***unit recall time*** (for certain reason codes only), being the expected time to return the unit to full availability under normal conditions after a period of unavailability. This additional information will be collected for the same 36-month period for MT PASA, and 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. Requirements for the collection and publication of reason codes and recall times are defined in AEMO's reliability standard implementation guideline and MT PASA process description. 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 *Integrating energy storage systems into the NEM* rule in June 2024. Read more here.

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	This final rule replaces the current prescriptive requirements in the NER with respect to reporting on significant price variations, with a principles-based approach to reporting supported by an AER guideline.
				Specifically, the final rule:
				• removes the current reporting triggers of:
				  ○ significant price variations;
				  ○ the 30-minute price exceeding $5,000/MWh;
				  ○ ACCC/AEMC requests regarding particular market outcomes; and

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				○ 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. Read more here.
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	This final rule amends the requirements for AEMO and market participants in relation to short-term projected assessment of system adequacy (***ST PASA***). In particular, the final rule: • introduces a principles-based framework, 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; • requires AEMO to develop and publish ST PASA procedures, which must be developed and amended in accordance with the NER consultation procedures; • amends 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 • requires AEMO to publish generation availability information on a dispatchable unit identifier basis, to improve the transparency of information available to market participants. AEMO is required to publish the ST PASA procedures by 30 April 2025, to give stakeholders three months to comply with these procedures before the changes are implemented on 31 July 2025. Read more here.

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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	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. In particular, the final rule: • 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, to include information about the measures AEMO may implement to maintain power system security as a result of reclassification decisions; • 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; and • introduces new reporting requirements that require AEMO to 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. Read more here.
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	This final rule removes unaccounted for energy (***UFE***) from the calculation of liable load under the Retailer Reliability Obligation (***RRO***). 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 on the basis that they 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. 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.

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				Read more here.
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	This final rule introduces a new participant registration category, the Integrated Resource Provider (***IRP***), 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. 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. 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 (***TUOS***) charge. The AEMC is of the view that storage participants should not automatically pay network charges, including the prescribed TUOS charge. TNSPs will still 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. It is important to note that the final rule is not intended to affect existing connection agreements, including charging arrangements and existing performance standards. This final rule has also been amended by the *Implementing integrated energy storage systems* rule (which is not included in this table as its commencement date has now passed). The key amendments are as follows: • Clarifying that generating systems will be able to participate in aggregated dispatch conformance from 3 June 2024. • Removing the option for participants with semi-scheduled generating units and bidirectional units to submit fast start inflexibility profiles.

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				• Changing the non-energy cost recovery rule implementation date to 2 June 2024 (currently 3 June 2024) to align with the commencement of the NEM billing week. • Changing the classification of market connection points for consistency with other changes. • Specifying the circumstances in which AEMO must approve a person's application to classify an ancillary service unit. • Clarifying that the reference to Integrated Resource Provider in clause 3.6.3(b1) of the NER includes the specific role that the IRP may be acting in (ie small resource aggregator), and amending clause 3.15.10C(a)(4) of the NER to refer to 'Cost Recovery Market Participant'. • Narrowing AEMO's ability to grant exemptions to metering providers, from the requirements in relation to data storage. Read more here and here.
Fast frequency response market ancillary service	22 July 2021 (Schedule 2) 9 October 2023 (Schedule 1)	NER 2021 No. 8	15 July 2021	The final rule introduces two new market ancillary service categories for fast frequency response (***FFR***) into the NER: 1. very fast raise; and 2. very fast lower. 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 (e.g. following sudden and unplanned generation or power system outages) and manage power system frequency. The introduction of these new FFR markets contributes to the management of power system risks associated with declining inertia as the generation mix continues to shift away from synchronous generators. The market arrangements for these new services will be the same as those for existing fast raise and fast lower services. 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. Read more here.

Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests (since last update 1 June 2023)					
Compensation and dispute resolution frameworks	Energy Ministers Sub-Group	22 June 2023	Consultation on consultation paper	20 July 2023	This rule change request seeks to consider options for improving the existing compensation framework that applies in the east coast gas system, in relation to AEMO directions to support security and reliability. The compensation framework that currently applies for the east coast gas system is based on the framework for the Victorian Declared Wholesale Gas Market (***DWGM***). However, given the east coast gas system covers a broader range of entities than the DWGM, the compensation framework that applies should similarly reflect a wider range of scenarios for potential claims following intervention by AEMO, than in the DWGM. The Energy Ministers Sub-Group has identified several issues with the existing compensation framework, and asked the AEMC to specifically consider the following: • refining the frameworks for compensation and dispute resolution, to provide clarity and ensure consistent arrangements; • amending the dispute resolution framework in Part 15C of the NGR, so that it has wider application across different parts of the NGR where compensation claims may arise; • whether any tailored amendments are required to the east coast gas system framework, to ensure that it is fit for purpose; and • the extent to which consequential changes to other parts of the east coast gas system may be required. The AEMC expects to publish a final determination on 21 December 2023. Read more here.
Existing rule change requests (as at last update 1 June 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 June 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	This final rule gives 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. Under the final rule, AEMO will act as: 1. **Buyer of last resort:** • AEMO must contract any storage capacity at the Dandenong LNG storage facility that is uncontracted by 1 March each year. AEMO may also procure any additional uncontracted storage capacity for winter that becomes available after 1 March each year. • AEMO must aim to achieve the highest level of contracted capacity reasonably possible by the beginning of winter, or a lower amount as determined by AEMO and approved by the Victorian Minister. • AEMO must 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. 2. **Supplier of last resort:** • AEMO may 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 may also 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
				The final rule also sets out processes for AEMO to recover its costs as buyer and supplier of last resort and establishes a new cost-recovery proceeds distribution process. It also outlines the contractual arrangements between AEMO and APA (the owner and operator of the Dandenong LNG Facility) to facilitate AEMO's two roles. The rule applies as an interim measure between 2023 and 2025 while the Energy Ministers develop broader reforms to system security and reliability in the DWGM. Read more here.
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	This final rule allows distribution connected facilities (including hydrogen, biomethane and other renewable gas facilities) to register and participate in the DWGM from 1 May 2024, rather than only facilities connected to the declared transmission system. The final rule provides for: • 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 facilities will bid and be scheduled for the net quantity of gas that the facility supplies; • 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. Read more here.

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