

# National Electricity and Gas Rules Update 2022

May 2022 | Rule changes as at 1 June 2022

## ⚡ National Electricity Rules

New requests	1 <i>Efficient reactive current access standards for inverter-based resources; Performance standards for reactive current response to disturbance; Establishing revenue determinations for Intending TNSPs</i>
Draft determinations	1 <i>Enhancing information on generator availability in MT PASA</i>
Final determinations	2 <i>AER reporting on market outcomes; Updating Short Term PASA</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 June 2022	<i>Primary frequency response incentive arrangements</i>
23 June 2022	<i>Efficient reactive current access standards for inverter-based resources; Performance standards for reactive current response to disturbance</i>
7 July 2022	<i>Enhancing information on generator availability in MT PASA</i>

## 📰 Energy Reform

### Revised approach to primary frequency response incentive arrangements

On 19 May 2022, the AEMC published a directions paper setting out a revised approach to incentive arrangements for primary frequency response (PFR), designed to encourage behaviour to control power system frequency. PFR is an important tool for AEMO to ensure that demand and supply for electricity are balanced at all times to minimise deviations from the narrow power system frequency range of around 50Hz.

The directions paper follows an earlier draft determination published by the AEMC in September 2021, in response to AEMO's rule change request. The draft determination proposed introducing frequency performance payments to reward positive contributions to the management of system frequency, and a mechanism to allocate costs to participants that cause deviations in system frequency. However, during consultation on the draft determination, many stakeholders expressed concern that the draft determination did not provide sufficient detail around how the proposed process would operate in practice and encourage the provision of PFR over the long term.

In response to this feedback, the AEMC's directions paper sets out a revised PFR payments process, which is based on three key components:

- valuing active power deviations based on the price of regulation raise or regulation lower services;
- scaling of payments to reflect the overall need for a corrective response; and
- determining a contribution factor for each generation and load unit, based on their proportional contribution to deviations in power system frequency, and allocating payments and costs to participants accordingly.

The directions paper does not discuss the other elements of the draft determination, in relation to mandatory PFR arrangements and reporting requirements. The AEMC has advised that stakeholder feedback on these elements will be considered and addressed as part of the final determination.

The AEMC is seeking stakeholder input on the revised PFR incentive process to inform its final determination. Stakeholders are invited to make submissions on the directions paper by 16 June 2022.

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:

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



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# National Electricity Rules

## Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests (since last update 1 May 2022)					
Efficient reactive current access standards for inverter-based resources	Renewable Energy Revolution Pty Ltd ( <b>RER</b> )	26 May 2022	Consultation on consultation paper	23 June 2022	<p>This rule change request proposes a change to the existing reactive current access standards that inverter-based resources must comply with in order to connect to the NEM. In particular, the request seeks to move away from a static maximum reactive current fault-response requirement of 100% of the unit's maximum continuous current, to a fault-response requirement that is less than 100% and varies based on the reactance to resistance ratio of the connection point. RER's view is that moving to a response requirement of less than the maximum continuous current will enable a higher amount of active current response, which in turn, will further support voltage.</p> <p>This rule change seeks to address RER's concern that the existing reactive current injection standard is not appropriate for areas in the network with low inductance resistance ratios, and may lead to:</p> <ul style="list-style-type: none"><li>insufficient voltage support at connection points with low inductance resistance ratios; and</li><li>a reduced ability for inverters to monitor voltage during and after a fault.</li></ul> <p>The AEMC has consolidated this rule change request with the '<i>Performance standards for reactive current response to disturbance</i>' rule change request, as both rule changes seek to amend the existing reactive current fault-response requirements for connecting plant, to better reflect the location-specific needs of the power system.</p> <p>Submissions on the consultation paper are due by 23 June 2022 and the AEMC intends to publish a draft determination on 3 November 2022.</p> <p>Read more <a href="#">here</a>.</p>
Performance standards for reactive current	GE International Inc, Goldwind Australia Pty Ltd, Siemens	26 May 2022	Consultation on consultation paper	23 June 2022	<p>This rule change request is intended to address concerns that the existing reactive current fault-response minimum access standard, which inverter-based resources must comply with in order to connect to the NEM, does not adequately suit the needs of the power system at all points in the network.</p>

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response to disturbance	Gamesa Renewable Energy Pty Ltd, Vestas Australia Wind Technology Pty Ltd				<p>More specifically, the Proponents' view is that for inverter-based resources:</p> <ul style="list-style-type: none"> <li>the amount of reactive current capability that must be provided following a fault under the minimum access standard is not set at an appropriate level;</li> <li>compliance requirements are not mutually understood by AEMO, TNSPs and connecting proponents; and</li> <li>discrepancies between the reactive current response standards and other related standards give rise to difficulties in complying with all standards simultaneously.</li> </ul> <p>In light of these issues, the rule change request proposes to:</p> <ul style="list-style-type: none"> <li>lower the minimum level of reactive current capability required to be installed by generators at the connection point to zero;</li> <li>assessing compliance with reactive current requirements at the generator unit terminal, rather than the connection point;</li> <li>simplify reactive current requirements to make them less onerous; and</li> <li>clarify potential inconsistencies between obligations to provide a reactive power response to maintain voltage levels and an active power response to maintain frequency levels.</li> </ul> <p>The AEMC has consolidated this rule change request with the '<i>Efficient reactive current access standards for inverter-based resources</i>' rule change request, as both rule changes seek to amend the existing reactive current fault-response requirements for connecting plant, to better reflect the location-specific needs of the power system.</p> <p>Submissions on the consultation paper are due by 23 June 2022 and the AEMC intends to publish a draft determination on 3 November 2022.</p> <p>Read more <a href="#">here</a>.</p>
Establishing revenue determinations for Intending TNSPs	Marinus Link Pty Ltd	5 May 2022	Consultation on consultation paper	Deadline passed (2 June 2022)	<p>This rule change request seeks to allow the AER to make a revenue determination for intending TNSPs, which the Proponent considers the AER does not currently have the power to do.</p> <p>The rule change request is intended to address the fact that the current economic regulation framework does not extend to cover intending TNSPs. This is because:</p> <ul style="list-style-type: none"> <li>intending TNSPs cannot participate in the contingent project application process without a revenue determination; and</li> </ul>

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					<ul style="list-style-type: none"> <li>the provisions set out in Chapter 6A of the NER that govern the process for obtaining a revenue determination, do not apply to a participant who is an intending TNSP, only participants who are already registered as a TNSP.</li> </ul> <p>This rule change would:</p> <ul style="list-style-type: none"> <li>require the AER to undertake revenue determinations where prescribed transmission services are not yet provided;</li> <li>enable intending TNSPs to propose a regulatory control period in their revenue determination application;</li> <li>allow for the inclusion of any expenditure incurred prior to the first regulatory control period in the regulatory asset base, provided that this expenditure is prudent and efficient; and</li> <li>apply existing Chapter 6A provisions, under which TNSPs are regulated, to intending TNSPs.</li> </ul> <p>Submissions on the consultation paper were due by 2 June 2022.</p> <p>The AEMC intends to publish a draft determination on 4 August 2022, with submissions on the draft determination closing on 15 September 2022.</p> <p>The AEMC intends to publish a final determination on 27 October 2022.</p> <p>Read more <a href="#">here</a>.</p>
Existing rule change requests (as at last update 1 May 2022)					
Recovering the cost of AEMO's Participant fees	Energy Networks Australia	28 April 2022	Consultation on consultation paper	Deadline passed (26 May 2022)	<p>This rule change seeks to introduce a new mechanism to allow TNSPs to directly recover the cost of AEMO participant fees. This rule change follows the final electricity fee structure determination published by AEMO in March 2021, which provided that AEMO would charge specific TNSPs a portion of AEMO's core NEM fees from 1 July 2023.</p> <p>Under the current arrangements in the NER, TNSPs can apply to recover AEMO's participant fees through either a five-yearly revenue determination, or an application for a positive cost pass through amount after an AER revenue determination has been made. Energy Networks Australia has proposed this rule change as it considers the current cost recovery mechanisms for TNSPs to be administratively inefficient.</p> <p>Specifically, the proposed rule seeks to:</p>



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					<ul style="list-style-type: none"> <li>require AEMO to notify TNSPs of their annual participant fees by 15 February each year, so that these costs can be incorporated by TNSPs into their annual transmission charges, which are published on 15 March each year;</li> <li>allow TNSPs to recover AEMO's participant fees from customers directly via a mechanism based on adjusted annual revenue;</li> <li>amend the definitions of 'under-recovery amount' and 'over-recovery amount' in Chapter 10 of the NER to exclude participant fees; and</li> <li>clarify the arrangements for the transfer of participant fees collected by Coordinating Network Service Providers (<b>CNSP</b>) on a TNSP's behalf, and more clearly describe the role of CNSPs in the NER.</li> </ul> <p>The AEMC is progressing this rule change request pursuant to the expedited rule making process under s96 of the NEL, on the basis that it satisfies the definition of a 'non-controversial Rule' under s87 of the NEL.</p> <p>On 16 May 2022, the AEMC held a virtual public webinar on the rule change request. A final determination is due to be published on 23 June 2022.</p> <p>Read more <a href="#">here</a>.</p>
Enhancing information on generator availability in MT PASA	AEMO	3 February 2022	Consultation on draft determination	7 July 2022	<p>This rule change requested by AEMO seeks to amend clauses 3.7.1 and 3.7.2 of the NER in order to enhance the granularity and transparency of information relating to generator availability, as part of the medium term projected assessment of system adequacy (<b>MT PASA</b>). AEMO considers that the increased prevalence of lower-emissions generators in the NEM has driven changes to plant operating regimes (such as mothballing of facilities, seasonal shutdowns and cyclical generation regimes), in particular, for ageing thermal generating plants. These changes are affecting AEMO's ability to effectively plan and manage system security and reliability.</p> <p>AEMO's proposal requires generators to report on, and AEMO to publish, as part of the MT PASA:</p> <ul style="list-style-type: none"> <li>generator availability, through standardised reason codes; and</li> <li>recall times to bring facilities back online after an outage.</li> </ul> <p>The rule change request would also give effect to the ESB's post-2025 reform recommendation for enhanced mechanisms to provide greater transparency of generator availability.</p>

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					<p>On 3 February 2022, the AEMC published a consultation paper seeking stakeholder views on the rule change request. Submissions on the consultation paper were due by 3 March 2022.</p> <p>On 7 April 2022, the AEMC extended the timeframe to make a draft determination until 26 May 2022, citing the need for further consultation in order to respond to complex issues raised by stakeholders on the consultation paper.</p> <p>On 26 May 2022, the AEMC published a more preferable draft rule, which provides that:</p> <ul style="list-style-type: none"> <li>generators must submit reason codes for outages ('unit state') and recall times for returning units back to full availability under normal conditions ('unit recall time'), in addition to the information they already provide in MT PASA about their daily generation availability;</li> <li>reason codes for outages would be categorised as either economic or physical, and while AEMO will ultimately determine the number of reason codes, these should be kept to a minimum;</li> <li>reason codes and recall times would be collected for a 36-month period, in line with how availability information is currently collected in the MT PASA; and</li> <li>AEMO would be responsible for developing the detailed process for collecting, and the form of reason and recall time information, which would be set out in AEMO's reliability standard implementation guide (<b>RSIG</b>).</li> </ul> <p>Any updates to the RSIG and MT PASA process description would be required by 30 April 2023, and the rule, if made, is expected to commence on 9 October 2023.</p> <p>Submissions on the draft determination are due by 7 July 2022 and the AEMC intends to publish a final determination on 4 August 2022.</p> <p>Read more <a href="#">here</a>.</p>
Improving consultation procedures in the Rules	AEMO	16 December 2021	Consultation on draft determination	Deadline passed (26 May 2022)	<p>This rule change proposed a simplification and streamlining of the consultation frameworks for subordinate instruments made under the NER, NERR and NGR. In light of recent increases in reform activity and the pace of change in the power system, AEMO considers that the use of subordinate instruments in the future may also rise. As such, AEMO has proposed this rule change request to ensure that</p>

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					<p>consultation procedures for these subordinate instruments are straightforward and efficient, but also flexible to suit different circumstances and levels of complexity.</p> <p>Specifically, AEMO's rule change request proposed to replace the existing consultation framework for most subordinate instruments made under the NER, which currently involves two rounds of consultation as the default position, with a new consolidated consultation framework that requires only one round of consultation as the default (but with principles to determine when further consultation may be required).</p> <p>On 14 April 2022, the AEMC published a draft rule which:</p> <ul style="list-style-type: none"> <li>• introduces a 10-week consultation process for changes to existing subordinate instruments that are unlikely to significantly impact the NEM;</li> <li>• introduces a 2-week consultation process for minor and administrative amendments;</li> <li>• maintains the current two-round default consultation procedure for standard rule change processes (ie material amendments and new instruments). This differs from AEMO's proposal for a single round of consultation as the default. The draft rule also requires both rounds of consultation to be at least four weeks, and that the publication of draft and final instruments occurs within 10 weeks of the consultation period closing;</li> <li>• allows consulting parties to choose, and stakeholders to request switching from the expedited process to the standard process where complexities arise or where the proposed amendments may impact the NEM. Consulting parties can also extend the standard process for complex or difficult matters; and</li> <li>• allows consulting parties to request meetings earlier in the consultation process and in the second round of consultation.</li> </ul> <p>After engaging with stakeholders on the consultation paper, the AEMC decided that no changes were required to the consultation procedures in the NERR.</p> <p>The changes proposed by the draft rule would commence on 14 July 2022, and would only apply where the first consultation document is published after this date. Consultations that are already underway will continue to be subject to the existing processes.</p>



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					<p>Submissions on the draft determination were due by 26 May 2022. The AEMC intends to publish a final determination on 7 July 2022.</p> <p>Read more <a href="#">here</a>.</p>
Protecting customers affected by family violence	Red Energy Pty Ltd and Lumo Energy (Australia) Pty Ltd	18 November 2021	Consultation on consultation paper	Deadline passed (3 March 2022)	<p>This rule change request seeks stakeholder feedback on how the NERR can be amended to better protect and support customers affected by family violence. Red Energy Pty Ltd and Lumo Energy (Australia) Pty Ltd have proposed new protections for affected customers, partly modelled on changes in Victoria's Energy Retail Code, which came into effect at the beginning of 2020. The NERR does not contain specific protections for customers affected by family violence.</p> <p>Key aspects of the rule change request include:</p> <ul style="list-style-type: none"> <li>• requiring retailers to develop and publish a family violence policy, and review that policy at least every two years;</li> <li>• account security measures to protect personal information of affected customers;</li> <li>• a requirement that retailers, in dealing with affected customers, firstly have regard to the safety of that customer;</li> <li>• recognition of family violence as a form of payment difficulty;</li> <li>• limiting the circumstances in which a retailer can ask for evidence of family violence from an affected customer, to only when the retailer is considering de-energisation and only to the extent reasonably required; and</li> <li>• ensuring that a retailer's family violence policy prevails to the extent of any inconsistency with an affected customer's retail contract, such that an affected customer may continue to receive retail services under the NERR.</li> </ul> <p>The AEMC has also requested stakeholder views on additional matters that can be addressed in the NERR, and alternative approaches that may assist consumers experiencing family violence. The AEMC also hosted a forum in February 2022 as part of a broader, inclusive consultation process.</p> <p>Submissions on the consultation paper were due by 3 March 2022.</p> <p>A draft determination is due to be published on 16 June 2022.</p> <p>Read more <a href="#">here</a>.</p>

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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	Deadline passed (30 September 2021)	<p>This rule change proposes that the regulatory investment test (<b>RIT</b>) be reapplied, if, following completion of the RIT, there has been a material increase in the estimated costs of a network infrastructure project.</p> <p>Under existing arrangements, the RIT must only be reapplied where, in the reasonable opinion of the project proponent, there has been a material change in circumstances which means that the preferred option identified in the final RIT report is no longer preferred. The rule change proponents seek to replace this subjective test with an objective cost increase threshold to determine whether RIT should be reapplied.</p> <p>The rule change is designed to address concerns that the current arrangements do not adequately protect consumer interests. This is because the estimated cost of the preferred option may change substantially following the completion of the RIT, meaning that this option may no longer reflect the maximum net economic benefit to the market. To date, no NSP has reapplied the RIT on the basis of a material change in circumstances.</p> <p>The rule change proposes that:</p> <ul style="list-style-type: none"> <li>• unless an exemption is granted by the AER, NSPs be required to reapply the RIT if, following completion of the RIT, estimated project costs have increased by 10% (for larger transmission projects over \$500m and distribution projects over \$200m) or 15% (for smaller transmission projects less than \$500m and distribution projects less than \$200m);</li> <li>• the AER may determine that a proponent is not required to reapply the RIT (or is only required to reapply part of the RIT);</li> <li>• Project EnergyConnect be required to update its final RIT-T report to take account of material cost increases that have occurred since completion of the RIT; and</li> <li>• AER guidelines be amended to require proponents to produce more rigorous costs estimate for the final RIT report, to reduce the likelihood that the RIT will need to be reapplied.</li> </ul> <p>Consultation on this rule change is being progressed as part of the AEMC's consultation paper for the <i>Transmission planning and investment review</i>. Specific</p>

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					<p>issues in relation to the proposed changes to RIT arrangements are contained in Chapter 5.</p> <p>Submissions on the consultation paper were due by 30 September 2021.</p> <p>On 30 November 2021, the AEMC extended the timeframe to make a draft determination until 28 April 2022.</p> <p>On 13 December 2021, the AEMC hosted a directions forum to discuss the <i>Transmission planning and investment review</i> and this rule change request.</p> <p>On 16 February 2022, the AEMC held an online roundtable to consider issues regarding cost estimate accuracy, which are raised by this rule change request.</p> <p>On 14 April 2022, the AEMC further extended the timeframe to make a draft determination until 7 July 2022, to give the AEMC more time to consider the complexity of the issues raised and also to progress this rule change request in parallel with the <i>Transmission planning and investment review</i>.</p> <p>Read more <a href="#">here</a>.</p>
Operational security mechanism (previously 'Synchronous services markets')	Hydro Tasmania	2 July 2020	Preparation of draft determination	Deadline passed (21 October 2021)	<p>This rule change request seeks to amend the NER to create a market for 'synchronous services', including inertia, voltage control and fault level/system strength, and to address the shortage of 'inertia and related services' in the NEM by integrating the dispatch of a 'synchronous service' with the existing energy and frequency control ancillary services (<b>FCAS</b>) spot markets. It proposes to do this by changing the formulation of the constraints that are applied to the NEM dispatch engine. These reformulated constraints would allow the dispatch engine to find the lowest overall cost combination of synchronous services and non-synchronous generation to deliver lower overall costs for consumers.</p> <p>This will be achieved through the following:</p> <ul style="list-style-type: none"> <li>amending the NER to create a new generator category of synchronous service generator (<b>SSG</b>) to allow AEMO to move the relevant generator's online status to the output side of AEMO's constraint equation;</li> <li>having generators provide two additional fields in their spot markets bids to AEMO indicating cost and availability of synchronising units online;</li> <li>paying generators based on their bid price for providing synchronous services rather than the spot price;</li> </ul>

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					<ul style="list-style-type: none"> <li>dispatching SSGs if doing so provided lower priced outcomes for consumers compared to the constraint binding; and</li> <li>AEMO publishing two prices for each service, one including the cost of SSGs and one without.</li> </ul> <p>On 2 July 2020, the AEMC published a single consultation paper titled '<i>System Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 9 September 2021, the AEMC published a directions paper relating to both this rule change request and the '<i>Capacity commitment mechanism for system security and reliability services</i>' rule change request (see below). The directions paper sets out two different options to value, procure and schedule essential system services, in light of the changing generation mix, which provides fewer of these ancillary services:</p> <ul style="list-style-type: none"> <li><b>market ancillary services (MAS) approach:</b> which would introduce new services to be scheduled through the pre-dispatch engine to allow it to produce dispatch schedules that result in secure dispatch; and</li> <li><b>non-market ancillary services (NMAS) approach:</b> which would introduce new services to be procured and scheduled in an optimisation approach outside of the spot market, to ensure secure dispatch in an efficient manner.</li> </ul> <p>The NMAS approach is currently preferred by the AEMC, and also reflects the approach underpinning the ESB's unit commitment for security (<i>UCS</i>) and synchronous services mechanism (<i>SSM</i>), recommended in its final advice.</p> <p>Submissions on the directions paper were due by 21 October 2021.</p> <p>On 2 December 2021, the AEMC extended the timeframe to make a draft determination until 30 June 2022, to give the AEMC sufficient time to work through the complex issues raised in stakeholder submissions to the directions paper.</p> <p>On 2 February 2022, the AEMC consolidated this rule change request with the '<i>Capacity commitment mechanism for system security and reliability services</i>' rule change request submitted by Delta Electricity. The AEMC considers that both rule changes seek to address the issue of the scheduling and procurement of essential</p>

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					<p>system services, and therefore should proceed through a combined process (with the updated name '<i>Operational security mechanism</i>').</p> <p>Read more <a href="#">here</a>.</p>
Operating reserve market	Infigen Energy Limited	2 July 2020	Preparation of draft determination	Deadline passed (11 February 2021)	<p>This rule change request seeks to amend the NER to introduce a dynamic operating reserve market to operate alongside the existing NEM spot and FCAS markets to help respond to unexpected changes in supply and demand. Infigen argues that the current NEM design no longer offers sufficient incentives to deliver enough or the right type of reserves to respond to today's contingencies.</p> <p>The proposed operating reserve market comprises a dispatchable, raise-only service procured similar to contingency FCAS services in real-time and co-optimised with the other energy market services. The proposed operating reserves' main features are that:</p> <ul style="list-style-type: none"> <li>operating reserves could be procured at all times, or only during times of sufficiently tight supply/demand;</li> <li>the volume would be set by the Reliability Panel or through guidelines and procedures;</li> <li>reserves could be procured 30 minutes ahead of time (with a 15-minute call time) to align with the requirement to return the system to a secure operating state within 30 minutes;</li> <li>any plant capable of producing operating reserves within the 30-minute timeframe would be eligible;</li> <li>resources enabled in the operating reserve market would be withdrawn from the energy market until called upon by AEMO in response to certain reliability criteria;</li> <li>reserves would be paid the marginal 'availability' price when called (with the market price cap applied); and</li> <li>operating reserves would be co-optimised such that the incentives of offering operating reserves would not adversely impact the spot market, the forward contract market or associated activities and commitments of plant offering reserves.</li> </ul> <p>On 2 July 2020, the AEMC published a single consultation paper titled '<i>System Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. Submissions on the consultation paper were due by 13 August 2020.</p>

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					<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 was to allow the AEMC to consult with stakeholders on whether it would be in the long-term interests of consumers to unbundle the provision of operating reserves from the energy market where they are currently implicitly provided, as well as to undertake complex modelling and obtain further technical advice from AEMO.</p> <p>On 18 November 2021, the AEMC further extended the timeframe to make a draft determination until 30 June 2023, to give the AEMC more time to consider the complexity of the issues raised and to gather more information as the energy system evolves, in relation to things such as the operation of five-minute settlements and delivery of the post-2025 reforms by the ESB.</p> <p>Read more <a href="#">here</a>.</p>
Operational security mechanism (previously 'Capacity commitment mechanism for	Delta Electricity	2 July 2020	Preparation of draft determination	Deadline passed (21 October 2021)	<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 (<b>VRE</b>) conditions. This means that the</p>



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system security and reliability services')					<p>decommitted plant would be unavailable, as and when required to meet energy and system services needs and as a result, the NEM will more frequently experience periods of shortfalls in system security and reliability services.</p> <p>The proposed capacity commitment mechanism would provide a payment to keep non-peaking dispatchable generators online at their minimum safe operating level (<b>MSOL</b>) should they be needed for system security and reliability purposes based on AEMO forecasts during the pre-dispatch process.</p> <p>Key components of the capacity commitment mechanism are:</p> <ul style="list-style-type: none"> <li>day-ahead commitment of dispatchable capacity, at a level set by AEMO to ensure peak demand (excluding VRE) can be reliably met;</li> <li>the in-service dispatch capability will be drawn on to respond to rapid changes in VRE and would be paid whenever it is dispatched at MSOL; and</li> <li>generators would guarantee to commit their coal/gas fired boiler synchronous units for either an entire day or for specific trading intervals during the day rather than via a half-hour ahead market for reserve.</li> </ul> <p>On 2 July 2020, the AEMC published a single consultation paper titled '<i>System Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 9 September 2021, the AEMC published a directions paper relating to both this rule change request and the '<i>Synchronous services markets</i>' rule change request (see above). The directions paper sets out two different options to value, procure and schedule essential system services, in light of the changing generation mix, which provides fewer of these ancillary services:</p> <ul style="list-style-type: none"> <li><b>market ancillary services (MAS) approach:</b> which would introduce new services to be scheduled through the pre-dispatch engine to allow it to produce dispatch schedules that result in secure dispatch; and</li> <li><b>non-market ancillary services (NMAS) approach:</b> which would introduce new services to be procured and scheduled in an optimisation approach outside of the spot market, to ensure secure dispatch in an efficient manner.</li> </ul>

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					<p>The NMAS approach is currently preferred by the AEMC, and also reflects the approach underpinning the ESB's unit commitment for security (<b>UCS</b>) and synchronous services mechanism (<b>SSM</b>), recommended in its final advice.</p> <p>Submissions on the directions paper were due by 21 October 2021.</p> <p>On 2 December 2021, the AEMC extended the timeframe to make a draft determination until 30 June 2022, to give the AEMC sufficient time to work through the complex issues raised in stakeholder submissions to the directions paper.</p> <p>On 2 February 2022, the AEMC consolidated this rule change request with the 'Synchronous services markets' rule change request submitted by Hydro Tasmania. The AEMC considers that both rule changes seek to address the issue of the scheduling and procurement of essential system services, and therefore should proceed through a combined process (with the updated name 'Operational security mechanism').</p> <p>Read more <a href="#">here</a>.</p>
Introduction of ramping services	Delta Electricity	2 July 2020	Preparation of draft determination	Deadline passed (11 February 2021)	<p>This rule change request seeks to amend the NER to introduce a 30-minute raise and lower 'ramping' service using the existing framework for FCAS market design to respond to changes in output from variable renewable electricity generators.</p> <p>Delta Electricity suggests a ramping service would address the price volatility that exists when dispatchable generators ramp through their energy bid stacks in response to predictable, daily, high rates of change from solar ramping up and down.</p> <p>Key features of the proposed services and framework include the following:</p> <ul style="list-style-type: none"> <li>the services would be procured from dispatchable in-service generators;</li> <li>the services would be procured through a similar dispatch and settlement process to existing FCAS raise and lower services but with the provision for generators to offer (perhaps three) incremental rates of change at different prices;</li> <li>AEMO would determine the 30-minute ramping requirement in pre-dispatch;</li> <li>AEMO would determine eligible generators based on their ability to provide the new services; and</li> <li>participants in this service would not be prevented from bidding into the other FCAS markets as long as they can comply with the associated obligations of each market.</li> </ul>

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					<p>On 2 July 2020, the AEMC published a single consultation paper titled '<i>System Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 24 September 2020, the AEMC extended the timeframe to make a draft determination until 24 June 2021, to enable it to better align the work with the ESB's post-2025 market design project and prioritise more urgent system security issues.</p> <p>On 5 January 2021, the AEMC published a directions paper relating to both this rule change request as well as Infigen Energy's '<i>Operating reserve market</i>' rule change request (see above). The directions paper assesses the ability of the current market frameworks to address variability and uncertainty in power system conditions and outlines high-level designs for four options to procure reserve services. Submissions on the directions paper were due by 11 February 2021.</p> <p>The AEMC held a technical working group meeting on 22 April 2021, to present and discuss modelling commissioned to provide insights into the potential for a reserve service to benefit customers.</p> <p>On 16 June 2021, the AEMC further extended the timeframe to make a draft determination until 9 December 2021. The additional time was to allow the AEMC to consult with stakeholders on whether it would be in the long-term interests of consumers to unbundle the provision of operating reserves from the energy market where they are currently implicitly provided, as well as to undertake complex modelling and to obtain further technical advice from AEMO.</p> <p>On 18 November 2021, the AEMC further extended the timeframe to make a draft determination until 30 June 2023, to give the AEMC more time to consider the complexity of the issues raised and to gather more information as the energy system evolves, in relation to things such as the operation of five-minute settlements and delivery of the post-2025 reforms by the ESB.</p> <p>Read more <a href="#">here</a>.</p>
Primary frequency	AEMO	19 September 2019	Consultation on directions paper	16 June 2022	This rule change request seeks to amend the NER to address perceived disincentives to the voluntary provision of primary frequency response ( <b>PFR</b> ) by participants in the

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
response incentive arrangements					<p>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 perception that the NER only requires generators to provide PFR when they are enabled to provide a frequency control ancillary service).</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 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). Submissions in response to the directions paper were due by 4 February 2021.</p> <p>On 16 September 2021, the AEMC released a draft determination and draft rule that cement existing requirements for the provision of PFR, and introduce complementary frequency performance incentives to reward behaviour that supports power system frequency. Key elements of the draft rule include:</p> <ul style="list-style-type: none"> <li>confirmation that the requirement for scheduled and semi-scheduled generators to automatically respond to fluctuations in power system frequency to a narrow response band will continue beyond 4 June 2023. The AEMC's view is that the continuation of these arrangements is justified, on the basis that the current mandatory PFR arrangements are an effective mechanism to improve frequency performance and to send a clear signal to market entrants that they are required to provide PFR;</li> <li>changes to better align economic incentives with the provision of primary frequency response, through reforms to the 'causer pays' process to better value behaviour that helps to control power system frequency. This also includes the</li> </ul>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>introduction of frequency performance payments to participants that reduce the need for the procurement of regulation FCAS; and</p> <ul style="list-style-type: none"> <li>new reporting obligations for AEMO and the AER in relation to the levels of aggregate frequency responsiveness in the power system and the costs of frequency performance. This change is designed to support the provision of relevant information to market participants and to enable stakeholders to assess the effectiveness of the arrangements for frequency control, moving forward.</li> </ul> <p>Submissions on the draft determination were due by 28 October 2021.</p> <p>On 2 December 2021, the AEMC extended the timeframe to make a final determination until 7 July 2022, to allow further analysis and consultation on the frequency performance payments process contained in the draft determination to be undertaken.</p> <p>The AEMC published a second directions paper on 19 May 2022 in response to stakeholder feedback that the draft determination did not provide sufficient detail around how the proposed process would operate in practice and encourage the provision of PFR over the long term.</p> <p>The revised approach to PFR incentive arrangements is based on three key components:</p> <ul style="list-style-type: none"> <li>valuing active power deviations based on the price of regulation raise or regulation lower services;</li> <li>scaling of payments to reflect the overall need for a corrective response; and</li> <li>determining a contribution factor for each generation and load unit, based on their proportional contribution to deviations in power system frequency, and allocating payments and costs to participants accordingly.</li> </ul> <p>Submissions on the second directions paper are due by 16 June 2022. While the AEMC intends to publish a final determination on 7 July 2022, it has flagged that given the complexity of the issues raised in the rule change request, this date may need to be further extended.</p> <p>Read more <a href="#">here</a>.</p>

## Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 May 2022)				
AER reporting on market outcomes	19 May 2022 (Schedule 3)  29 September 2022 (Schedule 1)  3 June 2024 (Schedule 2)	NER 2022 No. 5	19 May 2022	<p>This final rule replaces the current prescriptive requirements in clause 3.13.7 of the NER with respect to reporting on significant price variations, with a principles-based approach to reporting supported by an AER guideline. The final rule is intended to address the concerns noted in the AER's rule change request, that the existing reporting requirements are overly prescriptive and no longer fit for purpose.</p> <p>Specifically, the final rule:</p> <ul style="list-style-type: none"> <li>removes the current reporting triggers of: <ul style="list-style-type: none"> <li>significant price variations;</li> <li>the 30-minute price exceeding \$5,000/MWh;</li> <li>ACCC/AEMC requests regarding particular market outcomes; and</li> <li>market ancillary service prices significantly exceeding the spot price;</li> </ul> </li> <li>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</li> <li>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.</li> </ul> <p>As part of the transitional arrangements, the AER is required to develop and publish the first significant price reporting guideline by 29 September 2022, and report on significant price outcomes that occur in the spot market during the transitional period in a timely manner.</p> <p>Read more <a href="#">here</a>.</p>
Updating Short Term PASA	19 May 2022 (Schedule 3)  3 June 2024 (Schedule 2)  31 July 2025 (Schedule 1)	NER 2022 No. 4	5 May 2022	<p>This final rule amends clause 3.7.3 of the NER, which sets out the requirements for AEMO and market participants in relation to short-term projected assessment of system adequacy (<b>ST PASA</b>).</p> <p>In particular, the final rule will:</p>



Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<ul style="list-style-type: none"> <li>introduce a principles-based framework, which is directly linked to the PASA objective in clause 3.7.1(b) of the NER, to provide greater flexibility to AEMO and market participants to update ST PASA as the market continues to develop;</li> <li>require AEMO to develop and publish ST PASA procedures, which must be developed and amended in accordance with the consultation procedures under the NER;</li> <li>amend the timeframe which ST PASA covers to each 30-minute period (or such shorter period as determined by AEMO) in at least the seven trading days from and including the day of publication; and</li> <li>require AEMO to publish generation availability information on a dispatchable unit identifier basis, to improve the transparency of information available to market participants.</li> </ul> <p>The final rule requires AEMO to publish the ST PASA procedures by 30 April 2025, to give stakeholders three months to comply with these procedures before the changes to ST PASA are implemented on 31 July 2025.</p> <p>Read more <a href="#">here</a>.</p>
Other rules not yet commenced				
Enhancing operational resilience in relation to indistinct events	10 March 2022 (Schedule 3)  9 March 2023 (Schedule 1)  3 June 2024 (Schedule 2)	NER 2022 No. 1	3 March 2022	<p>This final rule expands the existing contingency event framework under the NER to cover 'indistinct events' (ie events that can impact several components of the power system in an unpredictable and uncertain way), to allow AEMO to more effectively and proactively manage these types of events.</p> <p>In particular, the final rule:</p> <ul style="list-style-type: none"> <li>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;</li> <li>expands the scope of the reclassification criteria in clause 4.2.3B of the NER, such that AEMO must now include information about the measures it may implement to maintain power system security as a result of reclassification decisions;</li> <li>establishes a new principle that AEMO must, where practicable, make decisions about reclassification and implement measures to manage contingency events in a way that is predictable and consistent with the reclassification criteria, to help</li> </ul>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>market participants understand how these events will be generally managed by AEMO; and</p> <ul style="list-style-type: none"> <li>introduces new reporting requirements pursuant to which AEMO must consider improvements to the reclassification criteria through its regular reporting activities, and publish specific reports when it is not practicable for AEMO to act consistently with the reclassification criteria.</li> </ul> <p>AEMO is required to update the reclassification criteria in consultation with relevant stakeholders to reflect the revised definition of 'contingency event' by 9 March 2023. The new principle and reporting requirements will also commence at this time.</p> <p>Read more <a href="#">here</a>.</p>
Removal of unaccounted for energy from liable load in the Retailer Reliability Obligation	1 May 2022 (Schedule 1)  3 June 2024 (Schedule 2)	NER 2021 No. 16	23 December 2021	<p>This final rule amends clause 4A.F.3(b) of the NER to remove unaccounted for energy (<b>UFE</b>) from the calculation of liable load under the Retailer Reliability Obligation (<b>RRO</b>).</p> <p>UFE refers to all residual electricity losses in a local area that remain after calculating the sum of all recorded load, generation and distribution loss factors. UFE must be settled and paid for by market participants. Historically, UFE was billed to the incumbent local retailer under a 'settlement by difference' framework, given the incumbent retailer previously accounted for a clear majority of the energy consumed by customers within the area. However, given the increase in retail competition, this framework is no longer fit for purpose.</p> <p>AEMO considered that the incorporation of UFE introduces variability and uncertainty into the calculation of liable load that liable entities (typically retailers and some large energy users) are unable to quantify or manage. In order to address this issue, the final rule replaces the term 'adjusted gross energy' (<b>AGE</b>) with a new term, 'adjusted metered energy' (<b>AME</b>), for the purpose of calculating liable load in the RRO. AME, as compared to AGE, does not include an allocation of UFE. All other aspects of the calculation of liable load and the RRO remain unchanged.</p> <p>Read more <a href="#">here</a>.</p>
Integrating energy storage systems into the NEM	9 December 2021 (Schedule 7)  3 June 2024 (Schedules 1 to 6)	NER 2021 No. 13	2 December 2021	<p>This final rule introduces a new participant registration category, the Integrated Resource Provider (<b>IRP</b>), which will become available in June 2024. Storage and hybrid facilities that provide bi-directional energy flows will be allowed to register and</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>participate under this single IRP registration category, rather than under two different categories as was previously the case.</p> <p>Changes to the recovery of non-energy costs have also been made through the introduction of two new data streams ie adjusted sent out energy (<b>ASOE</b>) and adjusted consumed energy (<b>ACE</b>), to calculate the recovery of non-energy costs based on a participant's gross energy flows, rather than the participant's registration category. This new approach to non-energy cost recovery incentivises participants to manage their demand for these services and takes an important step towards an efficient two-sided market.</p> <p>The final rule also maintains the existing framework to allow storage connected to the transmission network to elect whether to connect under a negotiated agreement at a negotiated price, or the prescribed service and corresponding prescribed transmission use of system (<b>TUOS</b>) charge. The AEMC is of the view that storage participants should not automatically pay network charges, including the prescribed TUOS charge. As is currently the case, TNSPs will be required to negotiate price and service levels consistent with those that have been negotiated for other transmission customers receiving the same service. In the case of storage participants, this could be zero, given many storage participants in the market have negotiated very low or zero network charges with their TNSPs.</p> <p>It is important to note that the final rule is not intended to affect existing connection agreements, including charging arrangements and existing performance standards.</p> <p>Read more <a href="#">here</a>.</p>
Compensation for market participants affected by intervention events	9 December 2021 (Schedules 2 and 3) 1 August 2022 (Schedule 1)	NER 2021 No. 14	2 December 2021	<p>The intervention framework under the NER provides AEMO with the ability to intervene in the market to address reliability or power system security issues. When AEMO intervenes in the market, the intervention pricing regime and other compensation regimes are triggered. This final rule change amends the way that compensation is calculated for affected participants and market customers with scheduled loads, which are dispatched differently as a result of AEMO intervention events.</p> <p>The final rule addresses concerns that market participants could be under-compensated under the current regime by:</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<ul style="list-style-type: none"> <li>incorporating frequency control ancillary services (<b>FCAS</b>) into the automatic compensation framework in clause 3.12.2 of the NER. This position is contrary to the position put forward in AEMO's original rule change request, which required participants to lodge an additional claim for FCAS compensation; and</li> <li>modifying the way compensation is calculated for market customers with scheduled loads by adopting a volume-weighted approach to calculating the input BidP. Under a volume-weighted approach, all bid bands are treated independently of one another with compensation calculated with respect to each band individually and then added together. This ensures appropriate compensation is given irrespective of the bidding behaviour adopted by the scheduled load.</li> </ul> <p>Read more <a href="#">here</a>.</p>
Efficient management of system strength on the power system	24 October 2021 (Schedule 10)  1 December 2022 (Schedules 1, 2 and 9)  15 March 2023 (Schedules 3 to 8)	NER 2021 No. 11	21 October 2021	<p>This final rule aims to facilitate simpler, faster and more predictable connections for new renewable generators and storage providers, while continuing to support the stability of the power system. As the NEM's generation mix decarbonises and the uptake of inverter based resources (<b>IBR</b>) accelerates, the demand for essential system services, including system strength, has been increasing. Inadequate levels of system strength can lead to higher wholesale electricity prices due to delays in the connection process, as well as AEMO having to frequently intervene to maintain system security.</p> <p>To address these issues, the final rule is comprised of three components:</p> <ol style="list-style-type: none"> <li><b>Maximising supply of system strength:</b> introduction of a new system strength standard that must be adhered to by a subset of Transmission Network Service Providers (<b>TNSPs</b>), known as System Strength Service Providers (<b>SSS Providers</b>). These SSS Providers (ie TasNetworks, TransGrid, Powerlink, AEMO and ElectraNet) are required to use reasonable endeavours to plan system strength services to meet AEMO's forecast of IBR connections for each system strength node and three-phase fault level for each node. SSS Providers must determine what services they need to procure in order to meet the standard.</li> <li><b>Minimising demand for system strength:</b> introduction of two new access standards for generators and for market network service providers and other loads that connect under Chapter 5 of the NER. These new access standards establish minimum requirements in relation to short circuit ratio and voltage phase shift angles, and also set out the maximum level of system strength that connecting parties can demand from the system.</li> </ol>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>3. <b>Coordinating supply and demand:</b> allowing generators and other large loads to elect whether to pay to use system strength services offered by TNSPs (with the charge designed to reflect the system strength costs that a connection party would impose on the grid) or to provide their own system strength instead. This is designed to incentivise generators and other loads to invest in their own system strength, and in turn, minimise demand for the procurement of system strength services. The system strength mitigation requirement expands the current 'do no harm' arrangements, and now includes an option for new connections to pay charges to avoid full impact assessments and other related remediation obligations.</p> <p>Read more <a href="#">here</a>.</p>
Access, pricing and incentive arrangements for distributed energy resources (NER and NERR)	<p><b>NER:</b></p> <p>19 August 2021 (Schedules 1 and 3)</p> <p>1 July 2022 (Schedule 2)</p> <p><b>NERR:</b></p> <p>19 August 2021 (Schedules 1 and 4)</p> <p>21 October 2021 (Schedule 2)</p> <p>31 March 2022 (Schedule 3)</p>	NER 2021 No. 9 NERR 2021 No. 4	12 August 2021	<p>On 12 August 2021, the AEMC made a final rule determination that amends the NER and NERR to facilitate and support the efficient integration of distributed energy resources (<b>DER</b>), including rooftop solar, battery storage and electric vehicles, into the grid.</p> <p>The final rules comprise of three key components:</p> <ul style="list-style-type: none"> <li>• <b>Clear obligations on DNSPs to support connection of DER to the grid:</b> <ul style="list-style-type: none"> <li>○ In order to address disparities that have emerged under the existing regulatory framework in relation to DER connection and the level of export services provided to customers, the final rules clarify that 'distribution services' includes both sending energy to customers and customers exporting generated energy to the grid. This also means that existing planning and investment requirements, incentive schemes and regulatory controls on network expenditure will apply to export services</li> <li>○ As a means to provide transparency on a DNSP's approach to the integration of DER, and ensure relevant information is given to network users about opportunities for export services, the final rules require DNSPs to include certain information in relation to DER in their regulatory proposals.</li> <li>○ DNSPs will be prevented from offering a static zero export limit to small customers seeking to connect DER to the network, unless the customer requests this, or an exception in the AER's connection charge guidelines applies.</li> </ul> </li> <li>• <b>Enabling new network tariff options that reward customers:</b> <ul style="list-style-type: none"> <li>○ The final rules allow DNSPs to develop pricing options for export services (which would be part of the regulatory determination process and require</li> </ul> </li> </ul>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>approval from the AER), and also clarify that tariffs can be used to incentivise the efficient operation of the network through reward pricing, which will apply to both consumption and export services. The use of these price signals is intended to promote the efficient use of, and investment in, export services and smooth demand for these services.</p> <ul style="list-style-type: none"> <li>○ Given the significant policy change that allowing DNSPs to develop export pricing options represents, the final rules also introduce customer safeguards and other measures to assist with the phase-in of export pricing. These measures include: <ul style="list-style-type: none"> <li>▪ a requirement that DNSPs develop an export tariff transition strategy as part of their regulatory proposals to the AER;</li> <li>▪ a prohibition on DNSPs from assigning existing DER customers to an export tariff unless the customer or its retailer elects to be placed on the tariff;</li> <li>▪ a requirement that DNSPs include a basic export level for each proposed export tariff, which allows retail customers to export to the grid without charge up to that level for a 10-year period; and</li> <li>▪ increasing the individual and cumulative materiality threshold (from 0.5% to 1% and from 1% to 5% of annual revenue, respectively) under which DNSPs can implement new network tariffs, to improve the ability of DNSPs to develop and trial new network tariffs in relation to export pricing.</li> </ul> </li> <li>● <b>Strengthening consumer protections and regulatory oversight by the AER:</b> To ensure that DNSPs are providing export services that meet customer expectations, the final rules introduce a number of additional regulatory oversight measures, including requirements for the AER to: <ul style="list-style-type: none"> <li>○ publish an annual report providing information about the performance of DNSPs in providing export services to customers;</li> <li>○ undertake a review of existing arrangements, consider incentives for DNSPs to deliver efficient levels of export services and publish a report by 31 December 2022;</li> <li>○ publish a number of guidelines setting out its expectation of how DNSPs will meet the requirements of the final rules, including export tariff guidelines and a connection charge guideline; and</li> <li>○ develop customer export curtailment values (<b>CECV</b>), to guide efficient levels of network investment for the delivery of export services and for use as an input to network planning, investment and incentive arrangements. The first CECV</li> </ul> </li> </ul>



Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>must be published by 1 July 2022, and will be followed by annual CECV updates.</p> <p>Read more <a href="#">here</a>.</p>
Fast frequency response market ancillary service	<p>22 July 2021 (Schedule 2)</p> <p>9 October 2023 (Schedule 1)</p>	NER 2021 No. 8	15 July 2021	<p>The final rule introduces two new market ancillary service categories for fast frequency response (<b>FFR</b>) into the NER:</p> <ol style="list-style-type: none"> <li>1. very fast raise; and</li> <li>2. very fast lower.</li> </ol> <p>FFR refers to the delivery of a rapid active power increase or decrease by generation or load in two seconds or less, to correct a supply-demand imbalance and assist in managing power system frequency. The introduction of these new FFR markets, which operate more rapidly than existing frequency control ancillary services, contributes to the management of power system risks associated with declining inertia as the generation mix continues to shift away from synchronous generators. These new FFR services may be procured by AEMO in order to control power system frequency following sudden and unplanned generation or power system outages, and it is expected that their use will reduce the overall costs of managing power system frequency. The market arrangements for these new services will be the same as those for existing fast raise and fast lower services, including in relation to registration, scheduling, dispatch, pricing, settlement and cost allocation.</p> <p>The final rule also amends AEMO's quarterly frequency performance reporting to provide increased transparency on the interaction between these new markets, existing frequency control ancillary services and the level of inertia in the system.</p> <p>In order to implement the final rule, AEMO must review, and, where necessary, amend, the market ancillary services specification by 19 December 2022, setting out a detailed description of, and performance parameters and requirements for, the two services.</p> <p>The FFR market ancillary service arrangements will commence from 9 October 2023.</p> <p>Read more <a href="#">here</a>.</p>
Bill contents and billing requirements	25 March 2021 (Schedule 2)	NERR 2021 No. 2	18 March 2021	<p>This more preferable final rule requires retailers to comply with an AER mandatory guideline containing billing requirements (the <b>Billing Guideline</b>). The rule aims to</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
	4 August 2022 (Schedule 1)			<p>simplify energy bills to enable households and small business to better understand and manage their energy usage and costs.</p> <p>The final rule:</p> <ul style="list-style-type: none"> <li>includes a bill objective, setting out the purpose of an energy bill;</li> <li>requires the AER to make a Billing Guideline, which will replace the current bill information requirements in rule 25(1) of the NERR;</li> <li>outlines principles for the AER to take into account in making and amending the Billing Guideline;</li> <li>allows the AER to specify in the Billing Guideline the types of billing information that a retailer must provide and whether information of different types may be provided to a small customer by different delivery methods with their consent; and</li> <li>removes the obligations on retailers regarding electricity consumption benchmarks in rule 170 of the NERR (noting the AER may choose to include these or similar obligations in the Billing Guideline).</li> </ul> <p>The AEMC considers that the introduction of a Billing Guideline will simplify and increase transparency of energy bills, while also delivering a regulatory framework that is adaptable over time and reflects the variety of offers and consumer preferences in the market.</p> <p>The final rule establishes a 12-month timeframe for the AER to develop and publish, by 1 April 2022, the first Billing Guideline, which retailers will be required to comply with from 4 August 2022.</p> <p>Read more <a href="#">here</a>.</p>
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"> <li>all scheduled and semi-scheduled generators, who have received a dispatch instruction to generate to a volume greater than 0MW, must operate their plant in accordance with the performance parameters set out in the primary frequency response requirements (<b>PFRR</b>) as applicable to that plant;</li> <li>AEMO must consult on and publish the PFRR; and</li> </ul>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<ul style="list-style-type: none"><li>generators may request and AEMO may approve variations or exemptions to the PFRR for individual generating plant.</li></ul> <p>This final determination relates to two rule change requests, one from AEMO and the other from private individual Dr Peter Sokolowski, which were consolidated in December 2019.</p> <p>Read more <a href="#">here</a>.</p>



# 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 May 2022)					
There have been no new rule change requests since the last update.					
Existing rule change requests (as at last update 1 May 2022)					
Improving consultation procedures in the Rules (Gas)	AEMO	16 December 2021	Consultation on draft determination	Deadline passed (26 May 2022)	<p>This rule change proposed a simplification and streamlining of the consultation frameworks for subordinate instruments made under the NER, NERR and NGR. In light of recent increases in reform activity and the pace of change in the power system, AEMO considers that the use of subordinate instruments in the future may also rise. As such, AEMO has proposed this rule change request to ensure that consultation procedures for these subordinate instruments are straightforward and efficient, but also sufficiently flexible to suit different circumstances and levels of complexity.</p> <p>Specifically, AEMO's rule change request proposed to remove the extended consultation procedure for subordinate instruments made under the NGR.</p> <p>On 14 April 2022, the AEMC made a draft determination, which is consistent with the original rule change request. The draft rule removes the extended consultative procedure from the NGR, and instead, consulting parties who are currently required to use the extended consultative procedure will be directed to follow the standard two-round process.</p> <p>The changes proposed by the draft rule would commence on 14 July 2022, and would only apply where the first consultation document is published after this date. Consultations that are already underway will continue to be subject to the existing processes.</p> <p>Submissions on the draft determination were due by 26 May 2022. The AEMC intends to publish a final determination on 7 July 2022.</p> <p>Read more <a href="#">here</a>.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
DWGM distribution connected facilities	Victorian Minister for Energy, Environment and Climate Change	21 October 2021	Consultation on draft determination	Deadline passed (19 May 2022)	<p>This rule change request seeks to amend Part 19 of the National Gas Rules, in order to integrate distribution connected facilities into the Victorian Declared Wholesale Gas Market (<b>DWGM</b>). Currently, only facilities that are connected to the declared transmission system are permitted to participate in the DWGM.</p> <p>Distribution connected facilities include hydrogen, biomethane and other renewable gas facilities. These types of facilities are already able to participate in gas markets elsewhere. For example, the rules governing the Short Term Trading Markets in Sydney, Adelaide and Brisbane have recognised distribution connected facilities for over a decade.</p> <p>This rule change process is being undertaken concurrently with various reviews by the AEMC, AEMO and jurisdictional officials, into different aspects of the national gas regulatory framework, to determine amendments required in order to bring hydrogen and renewable gas blends within the scope of the framework.</p> <p>The changes proposed by the rule change request broadly relate to:</p> <ol style="list-style-type: none"> <li>1. market operations including registration categories, scheduling, bidding and demand forecasts and constraints;</li> <li>2. market settlements including title, custody and risk, allocations and default notices; and</li> <li>3. system operation and planning including connection requirements, metering and gas quality management.</li> </ol> <p>The consultation paper sets out three potential solutions to the issues relating to the participation of distribution connected facilities in the DWGM. The proponent's preferred option is to:</p> <ul style="list-style-type: none"> <li>• integrate distribution connected facilities in supply / demand scheduling from declared networks;</li> <li>• introduce new gas injection points for distribution supply facilities to offer gas into the DWGM; and</li> <li>• amend the definition of 'demand' in the DWGM to incorporate all gas usage, whether from the transmission or distribution system, and to reflect the combined volumes from transmission customers and distribution demand within Victoria's gas retail market.</li> </ul>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>Submissions on the consultation paper were due by 2 December 2021.</p> <p>On 31 March 2022, the AEMC published a draft determination amending the NGR to allow distribution connected facilities to register and participate in the DWGM. The draft rule is based on the principle that distribution connected facilities should be treated on an equivalent basis to facilities connected to the declared transmission system, to the extent possible.</p> <p>More specifically, the draft rule:</p> <ul style="list-style-type: none"> <li>• creates a new category of registration for distribution connected facilities;</li> <li>• establishes a process as between distributors and AEMO for identifying and managing constraints in the network;</li> <li>• seeks to allocate distribution injection points to entry capacity certificate zones, to allow registered market participants to participate in auctions and secure capacity certificates to manage scheduling risk;</li> <li>• implements new arrangements for the transfer of title for distribution system injections;</li> <li>• expands existing rules to also cover distributed connected facilities and clarifies certain rights and obligations in respect of these facilities; and</li> <li>• allocates responsibility for gas quality monitoring to distributors, and clarifies requirements for gas quality monitoring.</li> </ul> <p>The draft rule proposes that the new framework will commence on 1 October 2023.</p> <p>The AEMC held a stakeholder workshop on 8 April 2022, for stakeholders to provide initial feedback on the proposed draft rule.</p> <p>Submissions on the draft determination were due by 19 May 2022. The AEMC intends to publish a final determination on 21 July 2022.</p> <p>Read more <a href="#">here</a>.</p>



## Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 May 2022)				
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 (<b>DWGM</b>) by:</p> <ul style="list-style-type: none"> <li>requiring that when AEMO produces pricing schedules, which determine market prices, it takes into account any transmission constraints that affect withdrawals of gas at system withdrawal points at which withdrawal bids may be made; and</li> <li>removing the link between authorised maximum daily quantity (<b>AMDQ</b>) or capacity certificates and uplift payments, so that a congestion uplift category is no longer required.</li> </ul> <p>The final rule differs from the draft rule such that the NGR no longer requires a congestion uplift category. On the basis of stakeholder consultation, the AEMC considered such a baseline-based mechanism did not appropriately allocate 'cost to cause' and would involve unwarranted complexity and cost.</p> <p>The final rule sets out the following timing for commencement:</p> <ul style="list-style-type: none"> <li>amendments for transitional arrangements commenced on 19 March 2020;</li> <li>amendments relating to accounting for transmission constraints that affect withdrawals of gas at system withdrawal points in the pricing schedule commenced on 31 March 2020; and</li> <li>amendments relating to the congestion uplift framework are to commence on 1 January 2023, immediately after the <i>National Gas Amendment (DWGM Improvement to AMDQ regime) Rule 2020</i> commences (see below).</li> </ul> <p>Read more <a href="#">here</a>.</p>
DWGM improvement to AMDQ regime	19 March 2020 (Schedule 2) 1 January 2023 (Schedule 1)	NGR 2020 No. 1	12 March 2020	<p>This rule improves the AMDQ regime by making it easier for participants to trade and allocate pipeline capacity rights in the DWGM.</p> <p>The final rule retires the current instruments of authorised MDQ and AMDQ credit certificates (<b>AMDQ CCs</b>), and replaces these with a new regime consisting of:</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<ul style="list-style-type: none"> <li>entry capacity certificates that provide injection tie-breaking benefits; and</li> <li>exit capacity certificates that provide withdrawal tie-breaking benefits.</li> </ul> <p>The changes do not affect current holders of AMDQ CCs as these expire before the commencement of the new regime on 1 January 2023. The AEMO has decided not to grant capacity certificates under the new regime to current holders of authorised MDQ, including tariff D customers, in order to simplify the framework by removing the distinction between authorised MDQ and AMDQ CCs and to create a level playing field for market participants to obtain the benefits of injection and withdrawal tie-breaking.</p> <p>The allocation of capacity certificates will primarily occur via the capacity certificates auction, which will be operated by AEMO. The final rule includes a number of requirements to implement the capacity certificates auction.</p> <p>Market participants can trade capacity certificates between each other and AEMO will develop Capacity Certificates Transfer Procedures for requests to AEMO to transfer capacity certificates to give effect to a trade. AEMO will report information about capacity certificate transfers and develop a listing service, which market participants can use to list any capacity certificates they may want to buy or sell.</p> <p>The new regime will commence on 1 January 2023, which is consistent with the start of the next DTS access arrangement period. The first auction of the new certificates must be conducted prior to this date. Prior to the first auction, AEMO is required to amend existing procedures and make new procedures required by the final rule and to conduct the first system capability modelling.</p> <p>The listing service for buying and selling capacity certificates will also commence from 1 January 2023. Amendments for transitional arrangements commenced on 19 March 2020.</p> <p>Read more <a href="#">here</a>.</p>

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