

National Electricity and Gas Rules Update 2022

September 2022 | Rule changes as at 1 October 2022

⚡ National Electricity Rules

Draft determinations 1 *Operational security mechanism*

Final determinations 1 *Primary frequency response incentive arrangements*

🛒 National Energy Retail Rules

Final determinations 1 *Protecting customers affected by family violence*

🔥 National Gas Rules

Final determinations 1 *DWGM distribution connected facilities*

↔ Opportunities for Stakeholders

Due by Opportunity for submissions

17 November 2022 *Operational security mechanism*

📰 Energy Reform

Final report on extending regulatory frameworks to cover hydrogen and renewable gases

On 8 September 2022, the AEMC released its final report following its review into extending the regulatory frameworks to incorporate hydrogen blends and renewable gases (also referred to as 'covered gases') (the *Report*). The Report recommends changes to the NGR and NERR that will enable the natural gas sector to move towards using lower emissions fuels in existing gas distribution systems, to support the decarbonisation of the energy market.

The key reforms proposed by the AEMC in its Report would:

1. **Pipeline access:** extend the framework for the economic regulation of pipelines, to enable efficient access to pipelines and encourage investment by covered gas suppliers.
2. **Ring fencing:** amend the ring fencing exemption framework to improve the transparency of decisions and consistency with other NGR exemption frameworks, and strengthen associate contract arrangements.
3. **Market transparency:** extend the market transparency mechanisms under the NGR to apply to covered gases and implement new reporting requirements to facilitate access to covered gases infrastructure.
4. **Adapting gas markets:** update Short Term Trading Market arrangements to incorporate covered gases, including by creating a new facility category for injections from distribution connected facilities and allowing net bidding and settlement for facilities that withdraw and inject gas simultaneously. In the Victorian DWGM, the reforms proposed would enable the creation of a new registration category for DTS connected blending facilities, and allow for bidding and settlement for these facilities to occur on a net basis.
5. **Retail markets:** expand market participant categories to include blending facilities that withdraw gases.
6. **Notifying consumers:** require retailers to notify consumers if they propose to change the type of gas supplied, and to specify in retail contracts the type of gas that may be supplied to consumers.
7. **Regulatory sandboxing:** retain the draft regulatory sandbox rules, as once extended to other covered gases, these rules will enable trial projects involving those gases.

Following stakeholder consultation during October on the Report and the AEMC's draft rule changes, the AEMC will provide final initial rules to Energy Ministers for their approval by 24 November 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:

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



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National Electricity Rules

Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests (since last update 1 September 2022)					
There have been no new rule change requests since the last update.					
Existing rule change requests (as at last update 1 September 2022)					
Delaying implementation of the AER Billing guideline	Australian Energy Council	18 August 2022	Consultation on consultation paper	Deadline passed (15 September 2022)	<p>Pursuant to the Billing Contents and Billing Requirements rule, which was made in 2020, the AER is required to develop a mandatory guideline setting out requirements for energy retailers when preparing and issuing energy bills to small customers. Under the first billing guideline developed by the AER dated 31 March 2022, all retailers are required to fully comply with the new billing requirements set out in that guideline by 31 March 2023. This rule change request proposes an extension to this timeframe by 6 months, to 30 September 2023.</p> <p>The Australian Energy Council's view is that the extension would allow retailers to optimise their implementation schedule, and reduce their costs of implementation, and in turn, the costs passed on to consumers. The AER has issued a letter of support for the rule change.</p> <p>The AEMC is progressing this rule change request pursuant to the expedited rule making process under s252 of the NERL, on the basis that it satisfies the definition of a 'non-controversial Rule' under s235 of the NERL. Objections to the expedited process were due by 1 September 2022.</p> <p>The AEMC has issued a consultation paper seeking feedback on whether the delayed implementation gives rise to any significant market or customer impacts. Submissions on the consultation paper were due by 15 September 2022.</p> <p>The AEMC intends to publish a final determination on 13 October 2022.</p> <p>Read more here.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
Amending the administered price cap	Alinta Energy	4 August 2022	Consultation on directions paper	Deadline passed (13 October 2022)	<p>This rule change request proposes to increase the administered price cap (APC) under the NER from \$300/MWh to \$600/MWh. The APC is the maximum spot price paid to generators in the NEM during an administered price period (APP). The APC is designed to limit market participants' financial exposure to spot prices during extended periods of significant price volatility, while also providing adequate spot market revenue to generators to cover their short-term costs and encourage continued dispatch into the market. An APP is triggered when the sum of spot prices in the preceding seven-day period exceeds the Cumulative Price Threshold (CPT), currently \$1,359,100.</p> <p>Alinta Energy (Alinta) has proposed that the APC be increased to \$600/MWh in every NEM region with a sunset period of 12 months (or another suitable period determined by the AEMC), to reflect the unprecedented increase in the short-run marginal cost experienced by generators recently, as a result of high global commodity prices for gas, coal and liquid fuel.</p> <p>Alinta's view is that increasing the APC would:</p> <ul style="list-style-type: none"> • better incentivise generators to bid capacity as normal into the NEM during an APP, avoiding market disruption (such as AEMO's suspension of the spot market in June 2022) and associated compensation claims made by generators; • appropriately address the trade-off between the impact of increased short-term marginal costs for generators and protecting other NEM participants from increased spot price exposure (and potential systemic financial collapse); and • protect the long-term interests of consumers with respect to prices, reliability and security. <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 an 'urgent Rule' under s87 of the NEL.</p> <p>The AEMC held a public forum on 16 August 2022.</p> <p>Submissions on the consultation paper were due by 1 September 2022. On 8 September 2022, the AEMC extended the timeframe to make a final determination until 17 November 2022.</p>

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					<p>The Reliability Panel has reviewed the APC and CPT for the period from 1 July 2025 to 30 June 2028 as part of its 2022 Reliability Standard and Settings Review. The final report, published on 1 September 2022, recommended that the APC be increased to \$500/MWh and the CPT be increased in three progressive annual adjustments to reach \$2,193,000 by the end of the relevant period. The recommendations made by the Reliability Panel are required to be implemented through the rule change request process, and the AEMC is therefore considering Alinta's rule change request alongside the Reliability Panel's review.</p> <p>The AEMC published a directions paper on 29 September 2022 to allow for more extensive consultation with stakeholders. The directions paper proposes that:</p> <ul style="list-style-type: none"> the APC should be temporarily increased from \$300/MWh to \$600/MWh as soon as practicable, and remain at that level until 1 July 2025. This would allow the AEMC time to consider the Reliability Panel's rule change request resulting from the 2022 Reliability Standard and Settings Review (which, if implemented, would adjust the APC over the longer term from 1 July 2025); and there be no temporary changes to the CPT. <p>The AEMC is seeking stakeholder feedback on these two key policy positions. Submissions on the directions paper were due by 13 October 2022.</p> <p>Read more here.</p>
Efficient reactive current access standards for inverter-based resources	Renewable Energy Revolution Pty Ltd (RER)	26 May 2022	Consultation on consultation paper	Deadline passed (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>

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					<ul style="list-style-type: none"> insufficient voltage support at connection points with low inductance resistance ratios; and a reduced ability for inverters to monitor voltage during and after a fault. <p>The AEMC has consolidated this rule change request with the <i>'Performance standards for reactive current response to disturbance'</i> rule change request, as both rule changes seek to amend the existing reactive current fault-response requirements for connecting plant, to better reflect the location-specific needs of the power system.</p> <p>Submissions on the consultation paper were due by 23 June 2022 and the AEMC intends to publish a draft determination on 3 November 2022.</p> <p>Read more here.</p>
Performance standards for reactive current response to disturbance	GE International Inc, Goldwind Australia Pty Ltd, Siemens Gamesa Renewable Energy Pty Ltd, Vestas Australia Wind Technology Pty Ltd	26 May 2022	Consultation on consultation paper	Deadline passed (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> <p>More specifically, the Proponents' view is that for inverter-based resources:</p> <ul style="list-style-type: none"> the amount of reactive current capability that must be provided following a fault under the minimum access standard is not set at an appropriate level; compliance requirements are not mutually understood by AEMO, TNSPs and connecting proponents; and discrepancies between the reactive current response standards and other related standards give rise to difficulties in complying with all standards simultaneously. <p>In light of these issues, the rule change request proposes to:</p> <ul style="list-style-type: none"> lower the minimum level of reactive current capability required to be installed by generators at the connection point to zero; assessing compliance with reactive current requirements at the generator unit terminal, rather than the connection point; simplify reactive current requirements to make them less onerous; and clarify potential inconsistencies between obligations to provide a reactive power response to maintain voltage levels and an active power response to maintain frequency levels.

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					<p>The AEMC has consolidated this rule change request with the <i>'Efficient reactive current access standards for inverter-based resources'</i> rule change request, as both rule changes seek to amend the existing reactive current fault-response requirements for connecting plant, to better reflect the location-specific needs of the power system.</p> <p>Submissions on the consultation paper were due by 23 June 2022 and the AEMC intends to publish a draft determination on 3 November 2022.</p> <p>Read more here.</p>
Establishing revenue determinations for Intending TNSPs	Marinus Link Pty Ltd	5 May 2022	Preparation of final determination	Deadline passed (15 September 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"> intending TNSPs cannot participate in the contingent project application process without a revenue determination; and 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. <p>This rule change would:</p> <ul style="list-style-type: none"> require the AER to undertake revenue determinations where prescribed transmission services are not yet provided; enable intending TNSPs to propose a regulatory control period in their revenue determination application; 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 apply existing Chapter 6A provisions, under which TNSPs are regulated, to intending TNSPs. <p>Submissions on the consultation paper were due by 2 June 2022.</p> <p>The AEMC published a draft determination and a more preferable draft rule on 4 August 2022. The AEMC's draft rule is based on its view that the AER already has the ability to make revenue determinations for intending TNSPs, but that the regulatory</p>

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					<p>framework requires amendment and clarification to address gaps in relation to the revenue determination process for intending TNSPs.</p> <p>Instead of applying Chapter 6A broadly to intending TNSPs as proposed by the Proponent, the AEMC's more preferable draft rule amends the Chapter 6A framework to clarify how revenue determinations can be made in respect of intending TNSPs. Specifically, the more preferable draft rule would:</p> <ul style="list-style-type: none"> • enable intending TNSPs to submit a revenue proposal to the AER and request the AER to commence a revenue determination process; • set out criteria for the AER to apply when deciding whether or not to commence a revenue determination process, and require the AER to notify the intending TNSP of its decision; • require the AER to publish an issues paper within 40 business days of making a decision to commence a revenue determination process; • enable the AER to publish a framework and approach paper in its discretion, if necessary or desirable; and • define the process for incorporating contingent projects into the first revenue determination for an intending TNSP. <p>The AEMC held a public forum on the draft rule determination on 18 August 2022. Submissions on the draft determination were due by 15 September 2022.</p> <p>On 22 September 2022, the AEMC extended the timeframe for making a final determination until 1 December 2022. The AEMC proposes that the rule will come into effect one week after publication of the final determination.</p> <p>Read more here.</p>
Recovering the cost of AEMO's participant fees	Energy Networks Australia	28 April 2022	Preparation of final determination	Deadline passed (18 August 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</p>

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					<p>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> <ul style="list-style-type: none"> • 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; • allow TNSPs to recover AEMO's participant fees from customers directly via a mechanism based on adjusted annual revenue; • amend the definitions of 'under-recovery amount' and 'over-recovery amount' in Chapter 10 of the NER to exclude participant fees; and • clarify the arrangements for the transfer of participant fees collected by Coordinating Network Service Providers (CNSP) on a TNSP's behalf, and more clearly describe the role of CNSPs in the NER. <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.</p> <p>On 21 July 2022, the AEMC published a directions paper seeking further stakeholder feedback, in light of the mixed responses received on the consultation paper.</p> <p>Stakeholders in support of the rule change proposal contend that, among other things, the change will provide cost efficiencies as TNSPs are currently unable to control or predict AEMO's fees. Additionally, the rule change improves transparency as TNSPs would recover from consumers the actual fees levied by AEMO, and is consistent with the existing approach to AEMO's National Transmission Planner fees.</p> <p>Other stakeholders opposed the rule change proposal and recommended that existing arrangements be retained, contending that, among other things, a pass through would place the risk of AEMO fees on customers who are not best placed to manage this risk, and guaranteeing full cost recovery may create perverse incentives for TNSPs. Also, as there is already a cost recovery arrangement in place, some stakeholders have argued that the rule change is unnecessary.</p>

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					<p>The directions paper seeks feedback on various elements of the rule change request, and tests with stakeholders the option of not implementing the direct pass through mechanism for AEMO's new core NEM participant fees. The key issues for consultation are:</p> <ul style="list-style-type: none"> whether the proposed direct recovery mechanism is warranted in light of existing arrangements; and if not, whether any other changes raised in the rule change proposal should be implemented. <p>Submissions on the directions paper were due by 18 August 2022, and the AEMC held a public workshop on 4 August 2022.</p> <p>On 21 September 2022, the AEMC extended the timeframe for making a final determination until 20 October 2022.</p> <p>Read more here.</p>
Material change in network infrastructure project costs	ERM Power Limited, Energy Users Association of Australia (EUAA), Major Energy Users Inc., AGL Energy Limited, Delta Electricity	19 August 2021	Consultation on draft determination	Deadline passed (1 September 2022)	<p>This rule change proposes that the regulatory investment test (RIT) be reapplied, if, following completion of the RIT, there has been a material increase in the estimated costs of a network infrastructure project.</p> <p>Under existing arrangements, the RIT must only be reapplied where, in the reasonable opinion of the project proponent, there has been a material change in circumstances which means that the preferred option identified in the final RIT report is no longer preferred. The rule change proponents seek to replace this subjective test with an objective cost increase threshold to determine whether RIT should be reapplied.</p> <p>The rule change is designed to address concerns that the current arrangements do not adequately protect consumer interests. This is because the estimated cost of the preferred option may change substantially following the completion of the RIT, meaning that this option may no longer reflect the maximum net economic benefit to the market. To date, no NSP has reapplied the RIT on the basis of a material change in circumstances.</p> <p>The rule change proposes that:</p>

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					<ul style="list-style-type: none"> • unless an exemption is granted by the AER, NSPs be required to reapply the RIT if, following completion of the RIT, estimated project costs have increased by 10% (for larger transmission projects over \$500m and distribution projects over \$200m) or 15% (for smaller transmission projects less than \$500m and distribution projects less than \$200m); • the AER may determine that a proponent is not required to reapply the RIT (or is only required to reapply part of the RIT); • Project EnergyConnect be required to update its final RIT-T report to take account of material cost increases that have occurred since completion of the RIT; and • AER guidelines be amended to require proponents to produce more rigorous costs estimate for the final RIT report, to reduce the likelihood that the RIT will need to be reapplied. <p>Consultation on this rule change is being progressed as part of the AEMC's consultation paper for the <i>Transmission planning and investment review</i>. Specific issues in relation to the proposed changes to RIT arrangements are contained in Chapter 5.</p> <p>Submissions on the consultation paper 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>On 7 July 2022, the AEMC published a draft determination and a more preferable draft rule that would:</p>

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					<ul style="list-style-type: none"> require 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; require RIT proponents (other than AEMO) of projects with an estimated cost of at least \$100 million to develop reopening triggers used to determine whether there has been a subsequent material change in circumstances and whether the preferred option still represents the most net beneficial option (rather than implementing a reapplication trigger if project costs increase by a particular percentage as proposed by the rule change request); if a material change in circumstances or a reopening trigger has occurred, require RIT proponents to inform the AER of the proponent's proposed course of action (rather than reapplying the RIT as a default), with the AER to accept, reject or modify that proposed course of action; and clarify the rules governing the RIT guidelines for cost estimation (particularly in relation to cost estimate classification systems and contingency allowances) rather than requiring proponents to provide cost estimates in the final RIT report based on a particular cost estimate class. <p>Feedback on the draft determination and more preferable draft rule was due by 1 September 2022. The AEMC intends to publish a final determination on 13 October 2022.</p> <p>Read more here.</p>
Operational security mechanism (previously 'Synchronous services markets')	Hydro Tasmania	2 July 2020	Consultation on draft determination	17 November 2022	<p>This rule change request seeks to amend the NER to create a market for 'synchronous services', including inertia, voltage control and fault level/system strength, and to address the shortage of 'inertia and related services' in the NEM by integrating the dispatch of a 'synchronous service' with the existing energy and frequency control ancillary services (FCAS) spot markets. It proposes to do this by changing the formulation of the constraints that are applied to the NEM dispatch engine. These reformulated constraints would allow the dispatch engine to find the lowest overall cost combination of synchronous services and non-synchronous generation to deliver lower overall costs for consumers.</p> <p>This will be achieved through the following:</p>

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					<ul style="list-style-type: none"> amending the NER to create a new generator category of synchronous service generator (SSG) to allow AEMO to move the relevant generator's online status to the output side of AEMO's constraint equation; having generators provide two additional fields in their spot markets bids to AEMO indicating cost and availability of synchronising units online; paying generators based on their bid price for providing synchronous services rather than the spot price; dispatching SSGs if doing so provided lower priced outcomes for consumers compared to the constraint binding; and AEMO publishing two prices for each service, one including the cost of SSGs and one without. <p>On 2 July 2020, the AEMC published a single consultation paper titled '<i>System Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 9 September 2021, the AEMC published a directions paper relating to both this rule change request and the '<i>Capacity commitment mechanism for system security and reliability services</i>' rule change request (see below). The directions paper sets out two different options to value, procure and schedule essential system services, in light of the changing generation mix, which provides fewer of these ancillary services:</p> <ul style="list-style-type: none"> market ancillary services (MAS) approach: which would introduce new services to be scheduled through the pre-dispatch engine to allow it to produce dispatch schedules that result in secure dispatch; and non-market ancillary services (NMA) approach: which would introduce new services to be procured and scheduled in an optimisation approach outside of the spot market, to ensure secure dispatch in an efficient manner. <p>The NMA approach is currently preferred by the AEMC, and also reflects the approach underpinning the ESB's unit commitment for security and synchronous services mechanism, recommended in its final advice.</p> <p>Submissions on the directions paper were due by 21 October 2021.</p> <p>On 2 December 2021, the AEMC extended the timeframe to make a draft determination until 30 June 2022.</p>

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					<p>On 2 February 2022, the AEMC consolidated this rule change request with the 'Capacity commitment mechanism for system security and reliability services' rule change request submitted by Delta Electricity. The AEMC considers that both rule changes seek to address the issue of the scheduling and procurement of essential system services, and therefore should proceed through a combined process (with the updated name 'Operational security mechanism').</p> <p>On 23 June 2022, the AEMC extended the timeframe to make a draft determination until 25 August 2022, to give the AEMC sufficient time to work through the complex issues raised in stakeholder submissions to the directions paper.</p> <p>On 25 August 2022, the AEMC further extended the timeframe for making a draft determination until 22 September 2022.</p> <p>On 21 September 2022, the AEMC published a draft determination and a more preferable draft rule on the combined 'Operational security mechanism' rule change request. The draft rule would establish an operational security mechanism (OSM) to enable the procurement and scheduling of essential security services that are not already procured through a market. The OSM would be based on the NMAS approach contained in the directions paper (with some updates following stakeholder feedback, further analysis by the AEMC and advice from AEMO and the AER), however key elements of the MAS approach will also be incorporated.</p> <p>Under the draft rule:</p> <ul style="list-style-type: none"> • AEMO would define system security services and needs and accredit market participants to provide system security services; • market participants who wish to offer bids into the OSM would be required to submit multi-part bids, comprising both a variable price component in \$/MWh and a fixed enablement component; • revenue for participants who provide security services would be determined based on their OSM offer prices, and participants who provide both energy and security services would be allocated OSM revenue for generation associated with their provision of security services, with excess generation paid at spot market prices; • OSM costs would be allocated to market customers, reflecting regional benefits and load proportions;

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					<ul style="list-style-type: none"> offers into the OSM would be made close to real-time, to provide clearer price signals and reflect current market conditions; contracts for security services (such as system strength and network support and control ancillary services) entered into by NSPs and service providers during the planning timeframe, could also be scheduled through the OSM; the procurement and dispatch of security services would occur alongside existing energy and FCAS markets; and the AEMO directions process would not change, however the OSM would reduce reliance on the directions process and allow it to be used for its intended purpose as a backstop arrangement. <p>The AEMC proposes that the OSM would take effect on 1 October 2025.</p> <p>The AEMC held a public forum on 6 October 2022 to provide an overview of the draft rule, and will hold a 'deep dive' on market power issues on 20 October 2022 and a 'deep dive' on technical elements of the draft rule on 3 November 2022. Submissions on the draft determination are due by 17 November 2022. The AEMC intends to publish a final determination on 29 December 2022.</p> <p>Read more here.</p>
Operating reserve market	Infigen Energy Limited	2 July 2020	Preparation of draft determination	Deadline passed (11 February 2021)	<p>This rule change request seeks to amend the NER to introduce a dynamic operating reserve market to operate alongside the existing NEM spot and FCAS markets to help respond to unexpected changes in supply and demand. Infigen argues that the current NEM design no longer offers sufficient incentives to deliver enough or the right type of reserves to respond to today's contingencies.</p> <p>The proposed operating reserve market comprises a dispatchable, raise-only service procured similar to contingency FCAS services in real-time and co-optimised with the other energy market services. The proposed operating reserves' main features are that:</p> <ul style="list-style-type: none"> operating reserves could be procured at all times, or only during times of sufficiently tight supply/demand; the volume would be set by the Reliability Panel or through guidelines and procedures;

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					<ul style="list-style-type: none"> • reserves could be procured 30 minutes ahead of time (with a 15-minute call time) to align with the requirement to return the system to a secure operating state within 30 minutes; • any plant capable of producing operating reserves within the 30-minute timeframe would be eligible; • resources enabled in the operating reserve market would be withdrawn from the energy market until called upon by AEMO in response to certain reliability criteria; • reserves would be paid the marginal 'availability' price when called (with the market price cap applied); and • operating reserves would be co-optimised such that the incentives of offering operating reserves would not adversely impact the spot market, the forward contract market or associated activities and commitments of plant offering reserves. <p>On 2 July 2020, the AEMC published a single consultation paper titled '<i>System Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 24 September 2020, the AEMC extended the timeframe to make a draft determination until 24 June 2021, to enable it to better align the work with the ESB's post-2025 market design project and prioritise more urgent system security issues.</p> <p>On 5 January 2021, the AEMC published a directions paper relating to both this rule change request as well as Delta Electricity's '<i>Introduction of ramping services</i>' rule change request (see below). The directions paper assesses the ability of the current market frameworks to address variability and uncertainty in power system conditions and outlines high-level designs for four options to procure reserve services. Submissions on the directions paper were due by 11 February 2021.</p> <p>The AEMC held a technical working group meeting on 22 April 2021, to present and discuss modelling commissioned to provide insights into the potential for a reserve service to benefit customers.</p> <p>On 16 June 2021, the AEMC further extended the timeframe to make a draft determination until 9 December 2021. The additional time was to allow the AEMC to consult with stakeholders on whether it would be in the long-term interests of</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>consumers to unbundle the provision of operating reserves from the energy market where they are currently implicitly provided, as well as to undertake complex modelling and to obtain further technical advice from AEMO.</p> <p>On 18 November 2021, the AEMC further extended the timeframe to make a draft determination until 30 June 2023, to give the AEMC more time to consider the complexity of the issues raised and to gather more information as the energy system evolves, in relation to things such as the operation of five-minute settlements and delivery of the post-2025 reforms by the ESB.</p> <p>Read more here.</p>
Operational security mechanism (previously 'Capacity commitment mechanism for system security and reliability services')	Delta Electricity	2 July 2020	Consultation on draft determination	17 November 2022	<p>This rule change request seeks to amend the NER to introduce an ex-ante, day ahead capacity commitment mechanism and payment to provide access to operational reserves and other required system security or reliability services.</p> <p>Delta Electricity argues that as periods of low spot market prices increase, non-peaking dispatchable capacity will seek to minimise financial losses by decommitting capacity under high variable renewable energy (VRE) conditions. This means that the decommitted plant would be unavailable, as and when required to meet energy and system services needs and as a result, the NEM will more frequently experience periods of shortfalls in system security and reliability services.</p> <p>The proposed capacity commitment mechanism would provide a payment to keep non-peaking dispatchable generators online at their minimum safe operating level (MSOL) should they be needed for system security and reliability purposes based on AEMO forecasts during the pre-dispatch process.</p> <p>Key components of the capacity commitment mechanism are:</p> <ul style="list-style-type: none"> day-ahead commitment of dispatchable capacity, at a level set by AEMO to ensure peak demand (excluding VRE) can be reliably met; the in-service dispatch capability will be drawn on to respond to rapid changes in VRE and would be paid whenever it is dispatched at MSOL; and generators would guarantee to commit their coal/gas fired boiler synchronous units for either an entire day or for specific trading intervals during the day rather than via a half-hour ahead market for reserve.

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>On 2 July 2020, the AEMC published a single consultation paper titled '<i>System Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule change requests relating to system services. Submissions on the consultation paper were due by 13 August 2020.</p> <p>On 9 September 2021, the AEMC published a directions paper relating to both this rule change request and the '<i>Synchronous services markets</i>' rule change request (see above). The directions paper sets out two different options to value, procure and schedule essential system services, in light of the changing generation mix, which provides fewer of these ancillary services:</p> <ul style="list-style-type: none"> • market ancillary services (MAS) approach: which would introduce new services to be scheduled through the pre-dispatch engine to allow it to produce dispatch schedules that result in secure dispatch; and • non-market ancillary services (NMAS) approach: which would introduce new services to be procured and scheduled in an optimisation approach outside of the spot market, to ensure secure dispatch in an efficient manner. <p>The NMAS approach is currently preferred by the AEMC, and also reflects the approach underpinning the ESB's unit commitment for security and synchronous services mechanism, recommended in its final advice.</p> <p>Submissions on the directions paper were due by 21 October 2021.</p> <p>On 2 December 2021, the AEMC extended the timeframe to make a draft determination until 30 June 2022.</p> <p>On 2 February 2022, the AEMC consolidated this rule change request with the '<i>Synchronous services markets</i>' rule change request submitted by Hydro Tasmania. The AEMC considers that both rule changes seek to address the issue of the scheduling and procurement of essential system services, and therefore should proceed through a combined process (with the updated name '<i>Operational security mechanism</i>').</p> <p>On 23 June 2022, the AEMC extended the timeframe to make a draft determination until 25 August 2022, to give the AEMC sufficient time to work through the complex issues raised in stakeholder submissions to the directions paper.</p>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>On 25 August 2022, the AEMC further extended the timeframe for making a draft determination until 22 September 2022.</p> <p>On 21 September 2022, the AEMC published a draft determination and a more preferable draft rule on the combined '<i>Operational security mechanism</i>' rule change request. The draft rule would establish an operational security mechanism (OSM) to enable the procurement and scheduling of essential security services that are not already procured through a market. The OSM would be based on the NMAS approach contained in the directions paper (with some updates following stakeholder feedback, further analysis by the AEMC and advice from AEMO and the AER), however key elements of the MAS approach will also be incorporated.</p> <p>Under the draft rule:</p> <ul style="list-style-type: none"> • AEMO would define system security services and needs and accredit market participants to provide system security services; • market participants who wish to offer bids into the OSM would be required to submit multi-part bids, comprising both a variable price component in \$/MWh and a fixed enablement component; • revenue for participants who provide security services would be determined based on their OSM offer prices, and participants who provide both energy and security services would be allocated OSM revenue for generation associated with their provision of security services, with excess generation paid at spot market prices; • OSM costs would be allocated to market customers, reflecting regional benefits and load proportions; • offers into the OSM would be made close to real-time, to provide clearer price signals and reflect current market conditions; • contracts for security services (such as system strength and network support and control ancillary services) entered into by NSPs and service providers during the planning timeframe, could also be scheduled through the OSM; • the procurement and dispatch of security services would occur alongside existing energy and FCAS markets; and • the AEMO directions process would not change, however the OSM would reduce reliance on the directions process and allow it to be used for its intended purpose as a backstop arrangement.

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<p>The AEMC proposes that the OSM would take effect on 1 October 2025.</p> <p>The AEMC held a public forum on 6 October 2022 to provide an overview of the draft rule, and will hold a 'deep dive' on market power issues on 20 October 2022 and a 'deep dive' on technical elements of the draft rule on 3 November 2022. Submissions on the draft determination are due by 17 November 2022. The AEMC intends to publish a final determination on 29 December 2022.</p> <p>Read more here.</p>
Introduction of ramping services	Delta Electricity	2 July 2020	Preparation of draft determination	Deadline passed (11 February 2021)	<p>This rule change request seeks to amend the NER to introduce a 30-minute raise and lower 'ramping' service using the existing framework for FCAS market design to respond to changes in output from variable renewable electricity generators.</p> <p>Delta Electricity suggests a ramping service would address the price volatility that exists when dispatchable generators ramp through their energy bid stacks in response to predictable, daily, high rates of change from solar ramping up and down.</p> <p>Key features of the proposed services and framework include the following:</p> <ul style="list-style-type: none"> the services would be procured from dispatchable in-service generators; the services would be procured through a similar dispatch and settlement process to existing FCAS raise and lower services but with the provision for generators to offer (perhaps three) incremental rates of change at different prices; AEMO would determine the 30-minute ramping requirement in pre-dispatch; AEMO would determine eligible generators based on their ability to provide the new services; and participants in this service would not be prevented from bidding into the other FCAS markets as long as they can comply with the associated obligations of each market. <p>On 2 July 2020, the AEMC published a single consultation paper titled '<i>System Services Rule Changes</i>' seeking stakeholder feedback on this, and five other rule 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>

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<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 here.</p>

Completed Rule Changes

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

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

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>entrants that they are required to provide PFR and since their implementation, have been an effective mechanism to improve frequency performance; and</p> <ul style="list-style-type: none"> • Reporting: requirements for AEMO and the AER to report on levels of aggregate frequency responsiveness and the costs of frequency performance payments respectively. This change is designed to provide relevant information to market participants and to enable stakeholders to assess the effectiveness of the arrangements for frequency control moving forward. AEMO will commence reporting on aggregate frequency responsiveness in its quarterly frequency monitoring reports from 8 September 2022, and the AER is required to commence its reporting obligations from 8 June 2025. <p>Read more here.</p>
Other rules not yet commenced				
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	<p>This final rule amends clause 3.7 of Chapter 3 of the NER (and corresponding aspects of clause 3.9.3D and Chapter 10) to enhance the adequacy and transparency of information that scheduled generators are required to provide to AEMO, and that AEMO is required to publish, regarding unit availability in the medium term projected assessment of system adequacy (MT PASA).</p> <p>In addition to the current requirement for generators to indicate their daily MW availability over the medium term (between seven days and 36 months), the final rule requires scheduled generators to provide a generating unit's:</p> <ul style="list-style-type: none"> • unit state in the form of standardised reason codes that explain the availability status of the unit; and • unit recall time, being the expected time to return the unit to full availability under normal conditions after a period of unavailability. <p>This additional information will be collected for the same 36-month period for MT PASA, and be published as part of the existing MT PASA process. AEMO will develop standardised reason codes that differentiate between economic reasons for unavailability, such as low wholesale prices making continued operation uncommercial, and physical reasons, such as planned maintenance. Submission of a unit recall time will only be required for certain reason codes, to be determined by AEMO.</p> <p>AEMO will define the requirements for the collection and publication of reason codes and recall times in its reliability standard implementation guideline (RSIG) and MT</p>

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

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Updating Short Term PASA	19 May 2022 (Schedule 3) 3 June 2024 (Schedule 2) 31 July 2025 (Schedule 1)	NER 2022 No. 4	5 May 2022	<p>This final rule amends clause 3.7.3 of the NER, which sets out the requirements for AEMO and market participants in relation to short-term projected assessment of system adequacy (ST PASA).</p> <p>In particular, the final rule will:</p> <ul style="list-style-type: none"> introduce a principles-based framework, which is directly linked to the PASA objective in clause 3.7.1(b) of the NER, to provide greater flexibility to AEMO and market participants to update ST PASA as the market continues to develop; require AEMO to develop and publish ST PASA procedures, which must be developed and amended in accordance with the consultation procedures under the NER; amend the timeframe which ST PASA covers to each 30-minute period (or such shorter period as determined by AEMO) in at least the seven trading days from and including the day of publication; and require AEMO to publish generation availability information on a dispatchable unit identifier basis, to improve the transparency of information available to market participants. <p>The final rule requires AEMO to publish the ST PASA procedures by 30 April 2025, to give stakeholders three months to comply with these procedures before the changes to ST PASA are implemented on 31 July 2025.</p> <p>Read more here.</p>
Enhancing operational resilience in relation to indistinct events	10 March 2022 (Schedule 3) 9 March 2023 (Schedule 1) 3 June 2024 (Schedule 2)	NER 2022 No. 1	3 March 2022	<p>This final rule expands the existing contingency event framework under the NER to cover 'indistinct events' (ie events that can impact several components of the power system in an unpredictable and uncertain way), to allow AEMO to more effectively and proactively manage these types of events.</p> <p>In particular, the final rule:</p> <ul style="list-style-type: none"> expands the definition of 'contingency event' in clause 4.2.3(a) of the NER to capture all 'plant' (ie all equipment involved in the generation, transmission or distribution of electrical energy), as well as sudden and unplanned changes to the energy output, consumption or flows of this equipment; expands the scope of the reclassification criteria in clause 4.2.3B of the NER, such that AEMO must now include information about the measures it may implement to maintain power system security as a result of reclassification decisions;

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

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Integrating energy storage systems into the NEM	9 December 2021 (Schedule 7) 3 June 2024 (Schedules 1 to 6)	NER 2021 No. 13	2 December 2021	<p>This final rule introduces a new participant registration category, the Integrated Resource Provider (<i>IRP</i>), which will become available in June 2024. Storage and hybrid facilities that provide bi-directional energy flows will be allowed to register and participate under this single IRP registration category, rather than under two different categories as was previously the case.</p> <p>Changes to the recovery of non-energy costs have also been made through the introduction of two new data streams ie adjusted sent out energy and adjusted consumed energy, to calculate the recovery of non-energy costs based on a participant's gross energy flows, rather than the participant's registration category. This new approach to non-energy cost recovery incentivises participants to manage their demand for these services and takes an important step towards an efficient two-sided market.</p> <p>The final rule also maintains the existing framework to allow storage connected to the transmission network to elect whether to connect under a negotiated agreement at a negotiated price, or the prescribed service and corresponding prescribed transmission use of system (<i>TUOS</i>) charge. The AEMC is of the view that storage participants should not automatically pay network charges, including the prescribed TUOS charge. As is currently the case, TNSPs will be required to negotiate price and service levels consistent with those that have been negotiated for other transmission customers receiving the same service. In the case of storage participants, this could be zero, given many storage participants in the market have negotiated very low or zero network charges with their TNSPs.</p> <p>It is important to note that the final rule is not intended to affect existing connection agreements, including charging arrangements and existing performance standards.</p> <p>Read more here.</p>
Efficient management of system strength on the power system	24 October 2021 (Schedule 10) 1 December 2022 (Schedules 1, 2 and 9)	NER 2021 No. 11	21 October 2021	<p>This final rule aims to facilitate simpler, faster and more predictable connections for new renewable generators and storage providers, while continuing to support the stability of the power system. As the NEM's generation mix decarbonises and the uptake of inverter based resources (<i>IBR</i>) accelerates, the demand for essential system services, including system strength, has been increasing. Inadequate levels of system strength</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
	15 March 2023 (Schedules 3 to 8)			<p>can lead to higher wholesale electricity prices due to delays in the connection process, as well as AEMO having to frequently intervene to maintain system security.</p> <p>To address these issues, the final rule is comprised of three components:</p> <ol style="list-style-type: none"> Maximising supply of system strength: introduction of a new system strength standard that must be adhered to by a subset of TNSPs, known as System Strength Service Providers (SSS Providers). These SSS Providers (ie TasNetworks, Transgrid, Powerlink, AEMO and ElectraNet) are required to use reasonable endeavours to plan system strength services to meet AEMO's forecast of IBR connections for each system strength node and three-phase fault level for each node. SSS Providers must determine what services they need to procure in order to meet the standard. Minimising demand for system strength: introduction of two new access standards for generators and for market network service providers and other loads that connect under Chapter 5 of the NER. These new access standards establish minimum requirements in relation to short circuit ratio and voltage phase shift angles, and also set out the maximum level of system strength that connecting parties can demand from the system. Coordinating supply and demand: allowing generators and other large loads to elect whether to pay to use system strength services offered by TNSPs (with the charge designed to reflect the system strength costs that a connection party would impose on the grid) or to provide their own system strength instead. This is designed to incentivise generators and other loads to invest in their own system strength, and in turn, minimise demand for the procurement of system strength services. The system strength mitigation requirement expands the current 'do no harm' arrangements, and now includes an option for new connections to pay charges to avoid full impact assessments and other related remediation obligations. <p>Read more here.</p>
Fast frequency response market ancillary service	22 July 2021 (Schedule 2) 9 October 2023 (Schedule 1)	NER 2021 No. 8	15 July 2021	<p>The final rule introduces two new market ancillary service categories for fast frequency response (FFR) into the NER:</p> <ol style="list-style-type: none"> very fast raise; and very fast lower. <p>FFR refers to the delivery of a rapid active power increase or decrease by generation or load in two seconds or less, to correct a supply-demand imbalance and assist in</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>managing power system frequency. The introduction of these new FFR markets, which operate more rapidly than existing frequency control ancillary services, contributes to the management of power system risks associated with declining inertia as the generation mix continues to shift away from synchronous generators. These new FFR services may be procured by AEMO in order to control power system frequency following sudden and unplanned generation or power system outages, and it is expected that their use will reduce the overall costs of managing power system frequency. The market arrangements for these new services will be the same as those for existing fast raise and fast lower services, including in relation to registration, scheduling, dispatch, pricing, settlement and cost allocation.</p> <p>The final rule also amends AEMO's quarterly frequency performance reporting to provide increased transparency on the interaction between these new markets, existing frequency control ancillary services and the level of inertia in the system.</p> <p>In order to implement the final rule, AEMO must review, and, where necessary, amend, the market ancillary services specification by 19 December 2022, setting out a detailed description of, and performance parameters and requirements for, the two services.</p> <p>The FFR market ancillary service arrangements will commence from 9 October 2023.</p> <p>Read more here.</p>
Mandatory primary frequency response	26 March 2020 (Schedule 3) 4 June 2020 (Schedule 1) 4 June 2023 (Schedule 2)	NER 2020 No. 5	26 March 2020	<p>This rule requires all scheduled and semi-scheduled generators to support the secure operation of the power system by responding automatically to changes in power system frequency. The rule is designed to improve frequency control in the NEM.</p> <p>Key aspects of the rule include:</p> <ul style="list-style-type: none"> all scheduled and semi-scheduled generators, who have received a dispatch instruction to generate to a volume greater than 0MW, must operate their plant in accordance with the performance parameters set out in the primary frequency response requirements (PFRR) as applicable to that plant; AEMO must consult on and publish the PFRR; and generators may request and AEMO may approve variations or exemptions to the PFRR for individual generating plant.

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>This final determination relates to two rule change requests, one from AEMO and the other from private individual Dr Peter Sokolowski, which were consolidated in December 2019.</p> <p>Read more here.</p>

➤ National Gas Rules

Rule Change Requests

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
New rule change requests (since last update 1 September 2022)					
There have been no new rule change requests since the last update.					
Existing rule change requests (as at last update 1 September 2022)					
DWGM interim LNG storage measures	Victorian Minister for Energy, Environment and Climate Action	1 September 2022	Consultation on consultation paper	Deadline passed (29 September 2022)	<p>This rule change request proposes to amend Part 19 of the NGR to give AEMO broader powers to address threats to system security and reliability of supply in the Victorian Declared Wholesale Gas Market (DWGM) between 2023 and 2025, in light of the recent decline in the amount of LNG held in storage and the contracted capacity at the Dandenong LNG storage facility.</p> <p>Under the proposed rule, AEMO would act as:</p> <ol style="list-style-type: none"> Buyer of last resort: <ul style="list-style-type: none"> AEMO would be required to contract any storage capacity at the Dandenong LNG facility that is uncontracted by 15 March each year, and purchase gas to be stored as LNG to achieve a target level of LNG stock for the period between 1 May and 30 September. The Proponent has suggested that the target level should be the highest level reasonably possible, or such other level determined by AEMO and approved by the Victorian Minister. AEMO would also be allowed to procure any additional uncontracted storage capacity that becomes available after 15 March each year. AEMO may relinquish contracted capacity if a market participant acquires or proposes to acquire that capacity, and may transfer LNG stock to a market participant if that participant has acquired the right to store the stock in the Dandenong LNG facility. Supplier of last resort: <ul style="list-style-type: none"> AEMO would be able to issue scheduling instructions to the Dandenong LNG facility to utilise its LNG stock at times and in quantities as AEMO considers reasonably necessary, or desirable.

Rule Name	Proponent	Initiation Date	Stage	Deadline for Submissions	Summary of Request
					<ul style="list-style-type: none"> AEMO's LNG stock should be scheduled after other market participants' LNG stock has been scheduled, and AEMO's injection bids from LNG reserve must be equal to the value of lost load (currently \$800/GJ). <p>The rule change request proposes that AEMO would be able to recover the costs of contracting LNG storage capacity through participant fees, and the losses or proceeds from using its LNG reserve through linepack account. The rule change request also sets out the contractual arrangements to be put in place between AEMO and APA (owner and operator of the Dandenong LNG facility), to facilitate AEMO's roles as buyer and supplier of last resort.</p> <p>The rule, if made, would apply as an interim measure between 2023 and 2025 while broader reforms to system security and reliability in the DWGM are considered and developed.</p> <p>On 1 September 2022, the AEMC published a consultation paper seeking stakeholder feedback on the rule change request. Submissions on the consultation paper were due by 29 September 2022.</p> <p>The AEMC is progressing this rule change request pursuant to the expedited rulemaking process under s304 of the NGL, on the basis that it satisfies the definition of an 'urgent Rule' under s290 of the NGL. Objections to the expedited process were due by 15 September 2022.</p> <p>The AEMC intends to publish a final determination on 24 November 2022.</p> <p>Read more here.</p>

Completed Rule Changes

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Final rule determinations (since last update 1 September 2022)				
DWGM distribution connected facilities	22 September 2022 (Schedule 5) 1 January 2023 (Schedule 4) 1 May 2024 (Schedules 1, 2 and 3)	NGR 2022 No. 3	8 September 2022	<p>This more preferable final rule allows distribution connected facilities to register and participate in the DWGM from 1 May 2024. Previously, only facilities that were connected to the declared transmission system were permitted to participate in the DWGM.</p> <p>Distribution connected facilities include hydrogen, biomethane and other renewable gas facilities. These types of facilities are already able to participate in gas markets elsewhere. For example, the rules governing the Short Term Trading Markets in Sydney, Adelaide and Brisbane have recognised distribution connected facilities for over a decade.</p> <p>The final rule provides for:</p> <ul style="list-style-type: none"> • a new registration category for distribution connected facilities and a new market participant category for blend processing operators; • storage facilities to be able to bid for injections and withdrawals, and to be treated in the same way as transmission connected facilities; • distribution connected facilities to bid through the DWGM, and be scheduled on an equivalent basis to transmission connected facilities; • the classification of facilities that withdraw and almost immediately reinject gas back into the DWGM (eg, blend processing facilities) as net bidding facilities. These 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. <p>The final rule is broadly consistent with the rule change request, however the AEMC encourages stakeholders to consult with the Victorian Department of Energy, Land, Water and Planning and Energy Safe Victoria, as there are relevant Victorian-specific</p>

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

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

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