



# National Electricity and Gas Rules

## Update 2025

### Introduction

This document outlines all rule change requests for the National Electricity Rules (the **NER**) and the National Energy Retail Rules (the **NERR**) (in section 1) and the National Gas Rules (the **NGR**) (in section 2) currently under consideration by the Australian Energy Market Commission (the **AEMC**), as well as completed rule changes regarding which the final rule has not yet commenced in full. The status of each proposed rule is regularly updated on the AEMC's 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 that are part of the National Energy Customer Framework (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.

### The NER

New rule change requests	Minor changes 1 2025
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### The NERR

New rule change requests	Minor changes 1 2025 (Retail)
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### The NGR

New rule change requests	ECGS Projected Assessment of System Adequacy
	Minor changes 1 2025 (Gas)

### Opportunities for stakeholders

Due by	Opportunities for submissions
15 May 2025	Allowing AEMO to accept cash as credit support

## Energy reform

### AER releases version 6 of the transmission STPIS

The 'service target performance incentive scheme' (*STPIS*) incentivises TNSPs to invest in improving service standards on their network. The scheme was introduced in 2007 for a network that primarily relied on a few large thermal generators, close to major centres. Since then, the transition to dispersed, renewable energy generation has altered the characteristics of the transmission network, such that some components of the STPIS are no longer operating as intended. After completing a review of the STPIS in April 2023, the AER published a revised STPIS (version 6) on 17 April 2025. The STPIS amendments include:

**1. Market impact component:** the market impact component (*MIC*) was originally introduced to incentivise reduced outages during periods of peak demand (which had a greater market impact on consumers due to increases in wholesale prices). However, increasing renewable penetration in the market, congestion on radial lines and increased outages to facilitate transmission projects have resulted in some TNSPs paying the maximum MIC penalty irrespective of their conduct. Version 6 of STPIS suspends the MIC, with a view to the AER establishing a working group to consider alternative incentives and possibly conduct obligations for TNSPs. The AER will seek to improve transparency around planned outage scheduling and rescheduling to facilitate its analysis. Stakeholder feedback will be sought on the proposed alternative to the MIC.

**2. Network capability component:** the network capability component (*NCC*) incentivises TNSPs to increase the capability of existing assets by investing in incremental, cost-effective network improvements rather than large-scale augmentations. The AER found that the NCC is widely supported, but underutilised and overly complex. Amendments to simplify the NCC include:

- removing the requirement to submit a network capability incentive parameter action plan and, instead, requiring TNSPs to identify projects for inclusion in the NCC from their transmission annual planning report on an annual basis (rather than a five-yearly basis); and
- including a mechanism to reduce the incentive for underperforming NCC projects (rather than imposing a penalty) so TNSPs are not disadvantaged by proposing a NCC project.

**3. Service component:** the service component (*SC*) incentivises TNSPs to reduce the number and duration of unplanned outages. One particular parameter, which measured the speed of restoring services, could lead to unreasonable expectations on TNSPs. This parameter is set by finding the annual average number of interruption events across a regulatory control period, rounded to the nearest whole number (which could be 0, for any TNSP with less than three interruption events in a regulatory control period). The new STPIS removes this rounding function.

Currently, version 6 of the STPIS will only apply to a TNSP once it updates its revenue determination. However, the AER is going to seek a rule change to allow it to immediately suspend the MIC for all TNSPs and to apply an amended STPIS during a regulatory control period.

[READ MORE HERE.](#)

# National Electricity Rules and National Energy Retail Rules

## Rule change requests

New rule change requests (since last update, 1 April 2025)

Rule name	Minor changes 1 2025
Proponent	AEMC
Key dates	<a href="#">Initiation date</a> : 3 April 2025 <a href="#">Deadline for submissions</a> : Deadline passed (1 May 2025)
Stage	Consultation on consultation paper

### [Summary of request](#)

In addition to some typographical amendments, the AEMC is proposing the following minor changes to the NER that may be of note:

- AEMO replaced its 'guidelines' on Network Support and Control Ancillary Services with 'procedures'. The proposed minor changes remove the relevant clause requiring the publication of the guidelines and amends another clause to apply consultation requirements to the making of the procedures;
- following amendments under the National Electricity Amendment (Global settlement and market reconciliation) Rule 2018 No. 14, market connection points are no longer allocated to transmission nodes and no one is financially responsible for a transmission connection point that is not otherwise individually settled as a market connection point. The rule change proposes to delete part of clause 3.15.21(d), which is now redundant; and
- clause 5.3.9 (which applies to the alteration of certain generating systems or integrated resource systems) will be amended to ensure that the triggers for applying clause 5.3.9 are consistent between a Generator and an Integrated Resource Provider. For both, an alteration that will, in AEMO's reasonable opinion, have a 'general system strength impact' will trigger clause 5.3.9 (previously, cl 5.3.9(a)(1)(ii) referred to an 'adverse system strength impact').

Submissions on the consultation paper were due by 1 May 2025.

[READ MORE HERE.](#)

Rule name	Minor changes 1 2025 (Retail)
Proponent	AEMC
Key dates	<a href="#">Initiation date</a> : 3 April 2025 <a href="#">Deadline for submissions</a> : Deadline passed (1 May 2025)
Stage	Consultation on consultation paper

### Summary of request

The proposed rule change makes minor changes to the NERR to align it with the final determination of the Accelerating Smart Meter Deployment rule change. This final determination removed the option for customers on standard retail contracts to opt out of new meter deployments. The model terms and conditions for standard retail contracts in the NERR will be amended to reflect this change. Retailers are required to notify customers of this change as soon as possible and update their standard retail contracts by 1 September 2025.

Submissions on the consultation paper were due by 1 May 2025.

[READ MORE HERE.](#)

## Existing rule change requests

Rule name	Improving the ability to switch to a better offer
Proponent	The Honourable Chris Bowen, Minister for Climate Change and Energy
Key dates	<a href="#">Initiation date</a> : 6 February 2025 <a href="#">Deadline for submissions</a> : Deadline passed (6 March 2025)
Stage	Preparation of draft determination

### Summary of request

This rule change request seeks to reduce the transaction costs associated with consumers switching to a better retail electricity offer, either with their existing retailer or another retailer. The rule change request responds to findings in the ACCC's *Inquiry into the National Electricity Market* report (December 2023) that 79% of customers are paying more on their energy bills than they could be if they switched to another offer.

Under the proposed rule change, the Better Bills Guideline (BBG) would be amended to require retailers to include a streamlined process for switching to a deemed better offer on a customer's bills. The consultation paper proposes that this requirement may be implemented as a new rule under:

- Division 7 (Market retail contracts - particular requirements) of the NERR, which may be a subrule to Rule 46 (Tariffs and charges); or
- Division 9 (Other retailer obligations) which currently includes obligations on retailers in relation to switching and the provision of information to customers.

The AEMC's consultation paper seeks feedback on the extent to which transaction costs are impeding customer switching and on the proposed amendments to the NERR.

Submissions on the consultation paper were due by 6 March 2025. The AEMC will publish a draft determination on 15 May 2025.

[READ MORE HERE.](#)

Rule name	Improving the application of concessions to bills
Proponent	The Honourable Chris Bowen, Minister for Climate Change and Energy
Key dates	<a href="#">Initiation date</a> : 6 February 2025 <a href="#">Deadline for submissions</a> : Deadline passed (6 March 2025)
Stage	Preparation of draft determination

### Summary of request

This rule change request seeks to ensure that consumers receive the concessions and rebates that they may be eligible for by shifting the onus onto retailers to ensure that applicable concessions and rebates are applied. The proposal builds on recommendations from the AER's November 2023 *Game Changer* report.

The rule change request would require retailers to proactively seek information from consumers in relation to their eligibility for various concessions and rebate schemes when signing up (in addition to retailers' existing obligations to provide residential customers with information about those schemes). Similar

obligations would also apply to existing customers. In addition, the request proposes an 'information transfer obligation' that would require retailers to transfer information when a consumer switches retailers, ensuring consumers reapply for concessions and rebates.

The obligations proposed by this rule change request are also being considered by the Victorian Essential Services Commission as part of its review of the Energy Retail Code of Practice.

The AEMC's consultation paper seeks feedback on:

- the barriers that prevent eligible consumers from receiving concessions and rebates; and
- how retailers could best inform consumers about their eligibility for concessions or rebates.

Submissions on the consultation paper were due by 6 March 2025. The AEMC will publish a draft determination on 15 May 2025.

[READ MORE HERE.](#)

Rule name	Improving consumer confidence in retail energy plans
Proponent	The Honourable Chris Bowen, Minister for Climate Change and Energy
Key dates	<a href="#">Initiation date:</a> 28 November 2024 <a href="#">Deadline for submissions:</a> Deadline passed (8 May 2025)
Stage	Consultation on draft determination

Summary of request

The AEMC has consolidated the following four existing rule change requests into a single rule change request:

- *Ensuring energy plan benefits last the length of the contract;*
- *Removing unreasonable conditional discounts;*
- *Preventing price increases for a fixed period under market retail contracts; and*
- *Removing fees and charges.*

This draft determination comprises four distinct components that correspond to each respective rule change request with the consolidated aim of enhancing consumer protections by modifying regulations for retail energy contracts. Below is a summary of each component of the draft determination.

Improving protections for customers on contracts with benefits that expire or change

This section of the draft determination seeks to enhance consumer confidence and strengthen protections for customers where the benefits afforded by a contract do not extend throughout the contract's duration.

The initial rule change request was made in the wake of findings by the ACCC in its December 2023 *Inquiry into the National Electricity Market* report that consumers that do not actively participate in the retail energy market tend to pay higher prices, especially those on legacy plans with expired benefit periods. The initial rule change request proposed to amend the NERR by including directives that retailers must provide benefits throughout the contract, notify customers before benefits end, inform them of their options, and get explicit consent from inactive customers before moving them to new contracts.



The AEMC made a more preferable draft rule under which:

- customers will be charged no more than the standing offer price if their benefits change or expire, including for contracts with expired benefits;
- retailers will be prevented from disconnecting customers on deemed standing offers for non-engagement; and
- the AER would be required to update its *Benefits change notice guideline* to align with the final rule.

This rule would be applied to all contracts where benefits are not provided for the full contract term, with no exceptions for specific plans or incentives.

### **Removing unreasonable conditional penalties**

This section of the draft determination aims to eliminate unreasonable penalties by requiring that conditional discounts be fully applied, even if consumers do not meet specific payment conditions. For context, some market retail contracts offer significant conditional discounts for timely bill payments. Although these high conditional discounts were prohibited in new contracts after the AEMC's *Regulating conditional discounting* final rule, they still remain in older agreements.

The initial rule change request recommended mandatory switches for customers to new plans or reductions to discounts in affected contracts. The AEMC determined this approach to be impractical, potentially disadvantageous for customers and difficult to enforce.

Instead, this draft rule proposes that retailers apply the full benefit of any existing conditional discounts, regardless of whether customers have met the payment conditions. This amendment to the NERR, which the AEMC has proposed will take effect on 1 July 2026, aims to alleviate consumer burdens, protect vulnerable customers and prevent bill shock for those who do not meet payment conditions. The AEMC asserts that this regulation will have a minimal impact on retailers and provide a continuing incentive to offer new contracts to consumers.

### **Restricting price increases under market retail contracts**

This section of the draft determination seeks to improve customer confidence about electricity and gas price hikes, and aims to reduce the frequency of these increases. In its December 2023 report, the ACCC found that retailers engaged in a pattern of conduct that used low prices to draw consumers in and then promptly increased their prices thereafter.

The initial rule change request sought to address this issue by prohibiting price increases during the initial 100 days of a consumer's retail contract. It also suggested limiting price adjustments to once per year and providing the AER with authority to collect data related to price changes. The AEMC made a more preferable draft rule under which:

- retailers can only raise prices once every 12 months for all market retail contracts (with exceptions for network tariff reassignments and energy spot price variations);
- customers must be informed about annual price changes in advance of their entering into a contract; and
- retailers must provide 20 business days' notice before introducing new tariffs to customers.

The AEMC proposes that these revised rules would enable retailers to respond to market volatility and price changes while reducing information asymmetry between retailers and consumers. They are also expected to mitigate the risk of bill shock for customers and aid them in comparing different offers.

### **Restricting fees and charges**

This final section of the draft determination aims to ensure certainty for vulnerable customers by enhancing the transparency of fees and charges. The initial rule change request submitted by the proponent sought to achieve this by restricting retailers from imposing ancillary fees and charges. This included establishment

fees, termination fees, credit card charges, and costs relating to special meter readings. The initial request also proposed that retailers could elect to recover these costs through tariffs, which would help expose prices to competitive pressures between retailers.

In response to the rule change request, the AEMC has proposed a draft rule that seeks to:

- prohibit retailers from charging any ancillary fees and charges to customers on payment plans, and hardship and concession customers;
- restrict all ancillary fees and charges to reflect the reasonable costs incurred by the retailer for all customers;
- prohibit account establishment fees and special meter read fees for move-in and move-out for all customers; and
- require retailers to provide at least one commonly used and easily accessible free payment method for their customers.

Submissions on the draft determination were due by 8 May 2025.

[READ MORE HERE.](#)

Rule name	Assisting hardship customers
Proponent	The Honourable Chris Bowen, Minister for Climate Change and Energy
Key dates	<a href="#">Initiation date:</a> 28 November 2024 <a href="#">Deadline for submissions:</a> Deadline passed (8 May 2025)
Stage	Consultation on draft determination

[Summary of request](#)

This rule change request is aimed at supporting retail energy customers experiencing hardship by providing credit on their bill where a deemed better offer is available. The rule change forms part of the Energy and Climate Change Ministerial Council (*ECMC*)'s suite of proposed rule changes aimed at supporting energy consumers through changes to the regulatory requirements regarding retail energy contracts.

The proponent for the initial rule change request adopted a proposal that provided consumers with a credit on their retail account where a deemed better offer is available to the customer.

In response to the rule change request, the AEMC has proposed a draft rule that seeks to:

- require that retailers ensure hardship customers pay no more than the best available offer. The retailer will have flexibility to provide financial benefit under the current plan, or (with the customer's explicit informed consent) move the customer to the deemed better offer;
- strengthen retailer obligations to notify customers of better offers (under the draft rule, offers would be presented upfront when a customer joins a hardship program, and at least once every 100 days thereafter); and
- introduce new indicators for hardship programs that retailers must report on to the AER. Statistics relating to these hardship programs would be published in the AER's annual retail market report.

Submissions on the draft determination were due by 8 May 2025.

[READ MORE HERE.](#)



Rule name	Improving the NEM access standards – Package 1
Proponent	AEMO
Key dates	<a href="#">Initiation date</a> : 14 November 2024 <a href="#">Deadline for submissions</a> : Deadline passed (30 January 2025)
Stage	Preparation of final determination

### Summary of request

This rule change request seeks to improve the access standards for plants connected to the NEM to enable faster, more cost-effective connections and to accommodate the increasing number of inverter-based resources, synchronous condensers and high voltage direct current (HVDC) links in the NEM. The rule change request implements AEMO's final recommendations from its 'Review of the Technical Requirements for NEM Connection', which it conducts once every five years pursuant to clause 5.2.6A of the NER.

The draft rule proposes to amend the access standards to apply by plant type, rather than by Registered Participant category, to ensure a consistent approach is applied to manage system security in respect of similar types of plant. Schedule 5.2 would apply to all generating systems (including integrated resource systems and synchronous condenser systems), Schedule 5.3 would apply to all loads (including distribution networks and loads within an integrated resource system) and Schedule 5.3a would apply to any HVDC system with a power transfer capability of 5 MW or more.

The draft rule also proposes a suite of reforms to specific access standards that are intended to align with best power system performance, streamline the connection process, improve power system resilience and support efficient investment. Amongst other things, the proposed reforms:

- simplify standards for small connections (less than 30MW on the mainland and less than 7MW in Tasmania) that are unlikely to have a material adverse impact on the power system;
- amend various Schedule 5.2 technical requirements in relation to generators, integrated resource systems and synchronous condensers; and
- align the Schedule 5.3a technical requirements for HVDC links with those applicable to Schedule 5.2 plant (such as inverter-based generation and integrated resource systems).

The indicative commencement date for the draft rule was 10 April 2025, however this has now been indefinitely extended. Under the proposed transitional provisions, the new Chapter 5 access standards will apply to connection applicants that have made a valid connection enquiry prior to the commencement date but have not made an application to connect. Connection applicants with a valid application to connect prior to the commencement date, but no offer to connect, will have the option to negotiate their access standards in accordance with the old Chapter 5 access standards until a 'transitional date' (which is indicatively 30 October 2025) or apply the new Chapter 5 access standards. Connection applicants with an offer to connect or an executed connection agreement prior to the commencement date will apply the old Chapter 5 access standards.

This rule change request has been fast-tracked due to the extensive consultation undertaken by AEMO as part its review of the technical standards. As such, a draft determination was issued for consultation without a consultation paper. Submissions on the draft determination were due by 30 January 2025.

The AEMC will publish a final determination on 22 May 2025.

[READ MORE HERE.](#)

Rule name	Real-time data for consumers
Proponent	Energy Consumers Australia
Key dates	<a href="#">Initiation date</a> : 10 October 2024 <a href="#">Deadline for submissions</a> : Deadline passed (20 February 2025)
Stage	Preparation of draft determination

### Summary of request

The rule change request proposed by Energy Consumers Australia (*ECA*) recommends the following measures (amongst others) to support the introduction of a right for consumers and authorised representatives to access real-time data from smart meters:

- **(definition of 'real-time')** defining 'real-time data' as instantaneous data or data received within no more than 5 minutes (subject to review as technology improves). This proposal aligns with the market settlement period and ensures that the data is useful for informing consumer energy consumption decisions;
- **(data sharing arrangements)** requiring all new smart meters to have locally-accessible communications ports that are unsealed and accessible to approved parties;
- **(costs associated with access)** spreading the cost of providing access across all consumers through retail bills;
- **(real-time data interoperability)** changes to minimum service specification requirements to permit open standards-based protocols and communications interfaces for read-only data, in light of the interoperability provisions in the EU Data Act. This will ensure real-time data is clear and readily accessible across different systems, devices and apps; and
- **(privacy and cyber security safeguards)** classifying 'real time data' as confidential information and considering whether changes are required to the NER / NERR to improve privacy and cyber security protections in respect of that data. This could include new responsibilities on authorised representatives, stringent consent requirements, password protection, competition restraints on using data in upstream and downstream services and prohibitions on customer exploitation.

After receiving stakeholder feedback, the AEMC published a Directions Paper for this rule change request on 30 January 2025. The Directions Paper proposes a 15-year transition to universal consumer access to real-time data, which will involve allowing retailers to charge consumers for the upfront costs associated with access to real-time data from smart meters for the next 15 years and requiring retailers to provide real-time data to consumers for free thereafter.

The Directions Paper further proposes:

- **(detailed definition of 'real-time data')** a more specific definition of 'real-time data' than that proposed in the rule change request, requiring a definition in the NER to the effect of 'voltage, current and phase angle recorded every second and delivered within a second';
- **(retailers to provide and allow access to real-time data)** additional obligations on retailers to provide access to real-time data following a customer request within 10 business days of a request (or within 20 business days where a meter must be upgraded);
- **(metering service providers to facilitate access to real-time data)** additional obligations on metering service providers to facilitate easy and secure access to real-time data;
- **(smart metering costs to be reported by AER)** the smart metering costs charged by retailers and metering service providers will be reported annually by the AER; and

- (consent requirement to access real-time data) for third parties to obtain access to a customer's real-time data, consent must be obtained from the customer.

Submissions on the directions paper were due by 20 February 2025. The AEMC will publish a draft determination on 7 August 2025.

[READ MORE HERE.](#)

Rule name	Including distribution network resilience in the National Electricity Rules
Proponent	The Honourable Lily D'Ambrosio MP, Victorian Minister for Energy and Resources
Key dates	<a href="#">Initiation date:</a> 3 October 2024 <a href="#">Deadline for submissions:</a> Deadline passed (27 March 2025)
Stage	Preparation of final determination

Summary of request

This draft rule seeks to enhance how DNSPs and the AER account for distribution network resilience in the economic regulatory framework of the NER, with a view to enabling DNSPs to undertake efficient expenditure on network resilience measures to prepare for, manage and recover from long-duration outages.

The draft rule was introduced in response to the increasing frequency of severe weather events which are, in turn, increasing the likelihood of widespread long-duration outages. As there is currently no formal framework for distribution network resilience expenditure (which is usually recovered as an ex post cost pass through after a long-duration event), consumer outcomes may not be sufficiently prioritised in the existing regulatory arrangements. The AEMC agreed that explicitly recognising distribution network resilience in the NER would increase the DNSP's ability to plan and deliver network resilience, improving consumer outcomes.

The draft rule proposes to:

- include resilience as an expenditure factor in the NER, meaning that DNSPs can plan their resilience expenditure and the AER must have regard to resilience when determining whether to accept a DNSP's forecast capex and opex for a regulatory control period. Resilience expenditure should focus on reducing the impact of power outages on consumers before *and* after severe weather events (that is, it should focus on risk reduction and impact mitigation);
- require the AER to develop and publish binding distribution network resilience guidelines that address how DNSPs may propose, and how the AER may assess, expenditure for improving network resilience; and
- introduce requirements for annual resilience planning and reporting.

The draft rule is limited to outages caused by weather events; outages resulting from other events such as cyber-attacks and terrorism are not captured, as they are governed by other regimes in the NER and elsewhere.

Submissions on the draft determination and rule were due by 27 March 2025. The AEMC expects to publish its final determination on 8 May 2025.

[READ MORE HERE.](#)

Rule name	Allowing AEMO to accept cash as credit support
Proponent	Delta Electricity
Key dates	<a href="#">Initiation date</a> : 24 October 2024 <a href="#">Deadline for submissions</a> : 15 May 2025
Stage	Consultation on draft determination

### Summary of request

This rule change request seeks for cash to be allowed as credit support under the prudential requirements of the NER. The current rules require market participants to provide bank guarantees or letters of credit to AEMO. The proponent argues that the current rules may result in profitable and solvent participants being unable to provide acceptable forms of credit support because financial institutions may not be willing to enter into financing arrangements with businesses involved with fossil fuels (due to those institutions' evolving environmental, social and governance (*ESG*) policies). The proponent, which operates the Vales Point coal fired power station in NSW, notes that it has been unable to obtain finance from 13 possible lenders, including all Big-4 Australian banks, due to their ESG policies.

In response to the rule change request, the AEMC has proposed a more preferable draft rule allowing participants increased flexibility to meet their credit support requirements, allowing participants to provide:

- cash as credit support up to a limit of \$5 million for each participant (and on terms and conditions prescribed by AEMO);
- surety bonds as credit support, issued by an Australian or overseas entity with an acceptable credit rating and supervised by APRA or an equivalent regulator; and credit support from a broader pool of credit support providers, including overseas entities that are regulated by a member of the Basel Committee of Bank Supervision or by a financial or insurance regulator with regulatory equivalence to APRA (as determined by AEMO).

In order to mitigate the risk that a liquidator appointed to an insolvent market participant may seek to clawback any cash used as credit support as an unfair preference payment, the draft rule includes several layers of protection including granting AEMO first ranking charge over that cash and imposing a limit of \$5 million on the amount of credit support a participant can provide in cash.

The proposed commencement date for the rule change is 9 August 2026 to provide AEMO with sufficient time to implement any necessary changes to its processes and to align with the commencement of the *Shortening the settlement cycle* rule change, which will amend the settlement and prudential systems (including shortening the settlement cycle to nine business days following the end of a billing period).

The AEMC published the draft determination on 3 April 2025. Submissions on the draft determination are due on 15 May 2025.

[READ MORE HERE](#).

Rule name	Inter-regional settlement residue arrangements for transmission loops
Proponent	AEMO
Key dates	<a href="#">Initiation date</a> : 8 August 2024 <a href="#">Deadline for submissions</a> : Deadline passed (30 January 2025)
Stage	Preparation of final determination

### Summary of request

This more preferable draft rule is the result of AEMO's market integration activities for Project EnergyConnect (*PEC*), a new interconnector linking New South Wales and South Australia which will create the first 'inter-regional transmission loop' in the NEM. Inter-regional settlements residue (*IRSR*) refers to the surplus or deficit in settlement outcomes when electricity flows across jurisdictions with different pricing. IRSR is expected to occur more frequently for PEC due to how energy flows in a transmission loop as opposed to a standard radial interconnector.

The existing framework for IRSR allocates negative IRSR to the importing region, which AEMO seeks to limit by applying constraints referred to as 'clamping'. AEMO considers that this approach is unsuitable for inter-regional transmission loops where negative IRSR would be disproportionately and unfairly allocated to certain jurisdictions, which does not reflect the broader benefits of the loop flow.

In order to optimise the benefits of PEC for all customers, the more preferable draft rule proposes that:

- negative IRSR accruing in the transmission loop will be shared between the three interconnected regions (being NSW, SA and Victoria) in proportion to their regional demand (irrespective of whether the net loop IRSR is positive or negative). Regional demand will be measured on a rolling annual basis, updated weekly, to support this allocation method; and
- positive IRSR will continue to be allocated via the settlement residue auction process (though the AEMC is proposing to review this process further in 2025-2026).

The more preferable draft rule differs from the rule change request in that it proposes to share negative IRSR flows in proportion to demand, rather than allowing negative IRSR to flow to the importing TNSP as usual.

The AEMC is not proposing to impose additional clamping requirements on AEMO, and has expressed support for AEMO's intended approach of not clamping the loop if negative IRSR occurs on one or two arms of the loop while the *net* IRSR for the loop is positive. This differs from AEMO's usual approach, which is to clamp individual connectors upon reaching a threshold of negative IRSR.

The AEMC considers that this approach, plus AEMO's proposed approach to clamping, manages the financial risks associated with an interregional transmission loop more effectively than the current arrangements or AEMO's proposed rule. The draft rule would commence on 3 July 2025, with the new allocation method to apply once PEC is incorporated into the dispatch engine.

The AEMC published its draft determination on 12 December 2024. Submissions on the draft determination were due by 30 January 2025. The AEMC initially planned to publish a final determination on 27 March 2025 but has extended the date to 25 September 2025, due to a material change in circumstances.

[READ MORE HERE.](#)

Rule name	Efficient provision of inertia
Proponent	Australian Energy Council (AEC)
Key dates	<a href="#">Initiation date</a> : 2 March 2023 <a href="#">Deadline for submissions</a> : Deadline passed (6 February 2025)
Stage	Preparation of draft determination

### Summary of request

The AEC's rule change request proposed to introduce an inertia spot market into the NEM. This reform is intended to support the energy transition and address the challenge of declining system inertia, caused in part by the retirement of synchronous coal and gas-fired generators and the prevalence of inverter-based resources in the NEM. The AEC's view is that the existing framework for managing and procuring system inertia is inefficient and no longer fit for purpose.

The AEC's proposed design, which largely aligned with the design of existing FCAS markets, had the following features:

- a centrally priced and cleared spot market for inertia, with inertia offered through competitive bids;
- the volume of demand for inertia would be determined by AEMO on a dynamic basis, based on the variable needs of the power system;
- the market would clear at the bid price of the marginal participant, and all dispatched inertia providers would receive the same price; and
- AEMO would prepare forecasts for price and inertia demand, to assist inertia spot market participants to make decisions about their bidding behaviour.

The AEMC published a consultation paper proposing alternative options to the AEC's proposed design, which are as follows:

- **(market-based mechanism)** introduce an ahead or close to real-time market, through which AEMO would seek competitive bids to provide inertia in the lead-up to dispatch;
- **(market-based mechanism)** pay inertia providers to relieve inertia constraints, based on a 'marginal value of inertia';
- **(market-based mechanism)** implement a rate of change of frequency (**RoCoF**) control service market, which would operate in a similar way to Western Australia's wholesale electricity market RoCoF control service;
- **(structured procurement option)** adjust the operation of the current TNSP procurement framework to address identified issues;
- **(structured procurement option)** require AEMO to procure inertia through short or long-term bilateral forward contracts; and
- **(no change)** maintain the existing framework until further technical work is undertaken, to better understand the long-term requirements of the power system regarding inertia.

The AEMC then announced that it was considering improvements to the existing inertia framework through *the Improving security frameworks for the energy transition* rule change (**ISF Rule Change**), and would focus on the ISF Rule Change before considering this rule change request. The ISF Rule Change was completed on 28 March 2024.

After further stakeholder feedback, the AEMC published a Directions Paper for this rule change request on 12 December 2024. The Directions Paper focuses on evaluating the economic case for the operational procurement of inertia (ie via a spot market), noting that further technical analysis will be required to assess the feasibility of implementing an inertia market. With assistance from HoustonKemp, the AEMC considered whether minimum inertia (the amount required to



maintain system security) and additional inertia (extra inertia that may provide operational efficiencies) are well-suited for an operational procurement regime, and whether such a regime would provide enough benefits to justify the change.

The key findings of the Directions Paper are:

- minimum inertia and additional inertia are most efficiently procured in different ways, reflecting the different roles they play in the NEM;
- a medium to long term contracting framework is likely to remain the most effective market structure to ensure that the NEM has sufficient minimum inertia; and
- operational procurement, such as a spot market, may be suited for the provision of additional inertia. However, the choice of operational procurement mechanism and detailed design should be guided by practical considerations, which will require further investigation.

Submissions on the directions paper were due by 6 February 2025. The AEMC will publish a draft determination on 27 June 2025.

[READ MORE HERE.](#)

## Completed rule changes

Final rule determinations (since last update, 1 April 2025)

There have been no new final rule determinations since the last update.

## Other rules not yet commenced

Rule name	Amendment to frequency performance payment cost recovery
Amending rule	NER 2025 No. 3
Date of final determination	13 March 2025
Commencement date	20 March 2025 (Schedule 2) 8 June 2025 (Schedule 1)

### Summary of request

This final rule amends definitions relating to the new frequency performance payments (*FPP*) scheme, designed to encourage support of frequency management in the grid.

Under the new FPP process, certain costs are allocated to participants that do not have appropriate metering, to measure their individual impact on power system frequency (referred to collectively as the 'residual'). The final rule changes the allocation of non-energy costs to the 'residual', ensuring that the costs are spread across all participants, prorated by the sum of energy sent out and energy consumed.

The final rule is functionally identical to AEMO's proposed rule under the initial rule change request, with minor drafting adjustments for clarity. The intention of the amendment is to remove the potential for sent-out and consumed energy to net out, and therefore will remove the potential for participants in the residual to avoid their share of non-energy costs.

The rule change request was considered non-controversial, and expedited by the AEMC on this basis. The final rule will come into effect with the commencement of the FPP incentive scheme on 8 June 2025.

[READ MORE HERE.](#)

Rule name	Integrating price-responsive resources into the NEM
Amending rule	NER 2024 No.24
Date of final determination	19 December 2024
Commencement Date	19 December 2024 (NER Schedule 5) 1 January 2026 (NER Schedule 3) 31 March 2026 (NER Schedule 2) 23 May 2027 (Schedule 4) 27 May 2027 (Schedule 1)

Summary of request

This final rule implements a new framework to allow aggregated CER to volunteer to be scheduled and dispatched into the NEM by permitting small and medium size price-responsive resources to be active players in the market. Previously, these types of resources were not fully integrated into the NEM's planning and operation functions, and were therefore not adequately accounted for when determining the level of energy demand, how the demand should be met and the price for energy. These features allow energy service providers that use CER (eg batteries, rooftop solar, electric vehicles and home energy management systems) and other price-responsive resources to participate in NEM scheduling and dispatch processes.

The AEMC argues that the framework, named 'dispatch mode' will lower electricity costs, emissions and prices for consumers. Key features of the framework are:

- establishing a framework for financially responsible market participants to nominated aggregated CER as voluntary scheduled resources (*VSR*) to participate in central dispatch processes akin to traditional generators;
- creates a time-limited incentive mechanism to encourage VSR participation wherein AEMO will run at least two tenders between 1 April 2026 and 31 December 2031 to pay eligible participants to enter into dispatch processes; and
- imposes new monitoring and reporting obligations to allow AEMO and the AER to evaluate the flow-on consequences of price-responsive CER for AEMO's short-term demand forecasts.

The AEMC made a number of changes incorporating the considerable stakeholder input since the rule change was initiated in August 2023, with the key changes outlined below:

- the implementation date for dispatch mode has been extended from November 2026 to May 2027 to ensure success of the rollout;
- the commencement date for incentive tenders was brought forward from January 2027 to April 2026 allowing earlier investment certainty for VSR providers;
- increased flexibility for VSR participants to select to deactivate or hibernate for longer periods; and
- introduction of a requirement for DNSP's to engage in consultation with VSR providers when designing flexible export limits.

[READ MORE HERE.](#)

Rule name	Shortening the settlement cycle
Amending rule	NER 2024 No.22
Date of final determination	12 December 2024
Commencement Date	19 December 2024 (Schedules 2) 9 August 2026 (Schedule 1)

Summary of request

This final rule shortens the settlement cycle (the period during which AEMO and market participants settle transactions for the relevant billing period) from 20 business days after the end of a billing period to 9 business days. The final rule differs from both the draft determination (which suggested a settlement period of 11 business days) and the original rule change request (which suggested a settlement period of 10 business days) in response to stakeholder feedback. The AEMC

considers that the 9 day settlement period will provide a range of benefits, including a reduction in the prudential requirements for market participants and the working capital required by market participants to manage hedge exposure, which will in turn lead to lower prices for consumers.

The final rule also introduces a new 'routine revised statement', which will be issued 20 business days after the end of a billing period to allow AEMO and market participants to manage market suspension and intervention settlement amounts, meter data exceptions, disputes and adjustments.

As such, the settlement cycle will operate as follows under the final rule:

- 3 business days after the end of a billing period – AEMO will issue preliminary statements;
- 7 business days after the end of a billing period – AEMO will issue final statements;
- 9 business days after the end of a billing period (or two business days after receiving a final statement, whichever is later) – settlement payment date;
- 15 business days after the end of a billing period – AEMO and market participants have until this date to use reasonable endeavours to resolve disputes regarding preliminary statements;
- 20 business days after the end of a billing period – AEMO will issue routine revised statement.

[READ MORE HERE.](#)

Rule name	Accelerating smart meter deployment
Amending rule	NER 2024 No.20 NERR 2024 No.6
Date of final determination	28 November 2024
Commencement Date	5 December 2024 (NER Schedule 4) 1 June 2025 (NERR Schedule 1) 1 December 2025 (NER Schedule 1; NERR Schedules 2 and 3) 31 May 2026 (NER Schedule 3) 1 July 2026 (NER Schedule 2)

Summary of request

The final rule seeks to expedite the deployment of smart meters to all customers in the NEM by 2030 and to improve the metering framework. The final rule introduces two core reforms, implementing recommendations from the AEMC's Review of the Regulatory Framework for Metering Services:

- **(accelerated deployment of smart meters)** The AEMC considers the deployment of smart meters is a cost-effective decarbonisation strategy, which also reduces the costs of meter reads and metering installations borne by consumers. To achieve the AEMC's objective of universal uptake of smart meters by 2030, the AEMC will implement transitional rules during an 'acceleration phase' from 2025 to 2030, which implements the Legacy Meter Replacement Plan framework. The final rule also obliges retailers to achieve the 2030 target and to report on their progress to the AER, which will be monitoring compliance.

- **(access to power quality data)** This second component involves an expansion of the consumer data access and control requirements in the NER and NERR to allow local DNSPs, the AER and AEMO to access 'basic power quality data' (as defined in the final rule) at no cost. It is intended to assist DNSPs to maximise CER hosting capacity, reduce line losses and minimise costs within the distribution network.

The final rule also implements four supporting reforms that introduce new customer safeguards, seek to improve customer experiences, reduce barriers to installation and enhance meter testing and inspection requirements.

[READ MORE HERE.](#)

Rule name	RRO exemption for scheduled bi-directional units
Amending rule	NER 2024 No.19
Date of final determination	14 November 2024
Commencement Date	3 December 2024 (Schedules 1, 2 and 4) 1 November 2026 (Schedule 3)

Summary of request

The final rule exempts large-scale batteries, pumped hydro energy storage and other forms of storage assets from being liable entities under the RRO. The RRO requires liable entities to enter into 'qualifying contracts' to cover their share of the peak demand forecast for their region during the relevant reliability gap period.

This rule overcomes an unintended operation of the prior rule, which incentivised storage assets to withhold the provision of system security services to avoid being liable under the RRO, which may in turn increase system security risks. The final rule aims to:

- **(improve security)** allow energy storage assets to prioritise security services without the risk of triggering RRO penalties. The exemption for pumped hydro energy storage unlocks additional capacity for grid-supporting services during periods with reliability gaps; and
- **(increase FCAS market health)** reduce the risk of inflating FCAS prices during reliability gap periods, which in turn prevents the increase of other market costs including RRO penalty risks, the cost to hedge against those risks, and the costs of AEMO issuing compensable directions when there is a risk to power system security.

The key points to note are:

- **(registration / classification)** storage assets will need register, or otherwise be classified, as part of an 'Integrated Resource System' and meet other specified requirements for the relevant connection point to qualify as an 'exempt market connection point';
- **(exemption)** load at an 'exempt market connection point' will be excluded from the calculation that determines (1) liability under the RRO at the end of the contract and (2) the liable load during the reliability-gap period. However, entities are not exempt at other connection points that are not captured under the RRO (e.g. end-user load connection points); and
- **(hybrid plants)** an entire connection point will be exempt where an asset shares its connection point with another generator or load centre and there is no other load. However, co-located storage with other load centres will only be exempt if total annual consumption at the connection point is less than 10 GWh.

[READ MORE HERE.](#)



Rule name	Providing flexibility in the allocation of interconnector costs
Amending rule	NER 2024 No. 18
Date of final determination	3 October 2024
Commencement Date	10 October 2024 (Schedule 3) 3 July 2025 (Schedules 1 and 2)

### Summary of request

The AEMC published a final determination and more preferable final rule that addresses barriers in the existing regulatory framework that may prevent the development of interconnectors with net market benefits. The final rule applies to both private and government interconnectors that, as at 3 October 2024, are yet to be constructed, are being materially upgraded or have been converted from a market network service to a regulated asset.

The final rule seeks to improve flexibility in the allocation of costs for interconnector projects between NEM jurisdictions by allowing jurisdictions (through their relevant Minister) to enter into inter-governmental agreements specifying an agreed cost allocation (being a 'interconnector cost allocation agreement').

The agreements, which must be submitted to the AER for review by a specified deadline and must meet defined implementation criteria, will specify the allocation of project costs to each jurisdiction over an agreed timeframe (as well as how this allocation may change over the life of the asset). Where an agreement is in place, the agreement will override the relevant elements of existing rules that would otherwise determine the cost allocation. The final rule specified a slightly expanded list of implementation criteria, clarified the roles and responsibilities of involved parties and provided more detail around the timing for submissions.

The final rule will not impact a TNSP's total regulated revenue but will allow for a specified amount of that total revenue to be collected through a TNSP in the counterparty government's NEM region. Once a TNSP receives an inter-governmental agreement, it will be required to amend its pricing methodology to give effect to the agreement through adjustments to the annual aggregate revenue requirement (AARR) component. At the same time the agreement is submitted to the AER, TNSPs must also submit their proposed methodology for approval. Jurisdictions will be able to submit agreements to TNSPs prior to a regulatory control period for incorporation in their revenue determination process for that regulatory control period, or during an existing regulatory control period. The final rule does not change how settlement residue auction proceeds are distributed.

Under the final rule, the AER is required to review and update any relevant guidelines (including the Pricing Methodology Guidelines) as necessary to reflect the final requirements of the rule by 3 July 2025.

[READ MORE HERE.](#)

Rule name	Unlocking CER benefits through flexible trading (Electricity and Retail)
Amending rule	NER 2024 No. 15; NERR 2024 No. 4
Date of final determination	15 August 2024

Commencement Date     29 August 2024 (NER Schedules 1 and 6; NERR Schedule 3)  
31 May 2025 (NER Schedule 2)  
1 November 2026 (NER Schedules 3, 4 and 5; NERR Schedules 1 and 2)

Summary of request

These rule changes introduce new arrangements to promote a flexible trading market for CER, such as rooftop solar, batteries and electric vehicle chargers. Consumers can optimise the value of their CER by contracting on different terms (including price) with multiple financially responsible market participants for different components of their load, rather than having their CER connected at one connection point with one associated meter (as per the existing model). The rule change request was developed as part of the Energy Security Board’s CER implementation plan.

The rules have three key elements:

- enabling large customers to select multiple energy service providers for their premises, without using the embedded network framework or establishing multiple connection points to the distribution network in order to obtain a second National Metering Identifier;
- allowing consumers, and retailers and aggregators acting as agents for consumers, to identify and manage their flexible CER separately from other 'passive' or inflexible consumer loads (such as lights and fridges), including by enabling the establishment of secondary settlement points without requiring a second physical connection to the distribution network; and
- creating two new meter types with lower minimum specifications to enable in-built measurement capability in technology (such as EV chargers) to be used for settlement and billing, instead of requiring additional meters.

[READ MORE HERE.](#)

Rule name	Managing ISP project uncertainty through targeted ex post reviews
Amending rule	NER 2024 No. 14
Date of final determination	1 August 2024
Commencement date	5 September 2024 (Schedule 3) 4 September 2025 (Schedules 1 and 2)

Summary of request

Implementing findings from the Transmission Planning and Investment Review Stage 3 final report, this rule will permit the AER to undertake discrete ex post reviews of a TNSP's capital expenditure for specific ISP and non-ISP projects. Under the current framework, such a review only assesses a TNSP's total capital expenditure across all of its projects (rather than on a project-by-project basis).

The final rule aims to promote efficient project delivery by empowering the AER to assess the overall efficiency of capex incurred by TNSPs for specific large energy transmission projects and resolving uncertainty around the treatment of non-ISP capex under the ex post review mechanism. Under the final rule, an ex post review will be triggered:

- for a substantially completed ISP project / project stage (a 'reviewable ISP project'), when incurred capex exceeds the project's forecast capex (ie the 'ISP overspending requirement' has been met); and
- for a non-ISP project, when incurred capex exceeds the forecast capex for all non-ISP projects during the applicable review period (ie the 'overspending requirement' has been met).

Where a TNSP overspends the project's forecast capex allowance, the AER may exclude this amount from a TNSP's regulated asset base to the extent the AER determines the overspend does not meet the prudence and efficiency criteria for capital expenditure in the NER.

This rule gives the AER more flexibility to assess capex efficiency across the 'ISP project review period', being all years in which capex is incurred for a particular ISP project, including where capex is incurred over multiple regulatory control periods. The rule does not change the timing of when an ex post review occurs or the AER's process for conducting an ex post review.

The AEMC has also included transitional provisions that allow the AER to adjust a TNSP's future revenue allowance to offset the impact of penalties received under the existing capital expenditure sharing scheme (*CESS*), so as to prevent TNSPs from being penalised twice where an overspend is assessed as inefficient. The CESS will continue to operate in conjunction with the new targeted ex post review regime.

[READ MORE HERE.](#)

Rule name	Improving security frameworks for the energy transition
Amending rule	NER 2024 No. 9
Date of final determination	28 March 2024
Commencement date	4 April 2024 (Schedule 9) 3 June 2024 (Schedule 1) 4 July 2024 (Schedule 2) 1 December 2024 (Schedules 3, 4, 6 and 7) 2 December 2025 (Schedules 5 and 8)

Details

In order to ensure the sufficient provision of system security services throughout the energy transition, this final rule seeks to enhance the existing procurement arrangements for these services and arm AEMO with additional tools to effectively manage system security issues. In turn, this will also reduce AEMO's reliance on market interventions to achieve system security outcomes and send better signals to participants to provide these types of services over the long term.

Specifically, the final rule:

- aligns the procurement timeframes under the current inertia and system strength frameworks;

- amends the network support and control ancillary services framework to remove the exclusion to procuring inertia network services and system strength;
- updates the procedures for TNSPs to recover their costs of non-network security options, including by introducing an annual process for forecasting and recovery of these costs;
- establishes a new transitional framework under which AEMO can procure necessary non-market ancillary services, and also trial new sources of security services;
- allows AEMO to enable (or schedule) security services on a NEM-wide basis;
- enhances transparency in relation to directions to market participants, by amending market notice requirements and the timing for AEMO to provide post-event directions reports, and requiring the publication of a breakdown of compensation paid to directed and affected participants; and
- requires AEMO to publish a new annual report (the 'transition plan for system security'), setting out the actions it will take to manage system security through the transition to a zero-emissions power system.

[READ MORE HERE.](#)

Rule name	Enhancing reserve information (formerly Operating reserves)
Amending rule	NER 2024 No. 6
Date of final determination	21 March 2024
Commencement date	1 July 2025 (Schedule 1) 1 July 2027 (Schedule 2)

Details

While the original rule change requests from Iberdrola and Delta Electricity sought to leverage the existing FCAS framework and introduce an operating reserve market or services specific to the provision of reserves to respond to unexpected changes in supply and demand, the AEMC's final determination resolved to not implement an operating reserve market. The key reason for this is that the AEMC considers an operating reserve market would not offer any significant improvements compared to the current arrangements, and would materially increase market costs.

Instead, the final rule improves the existing arrangements and increases transparency around energy availability in the NEM, to facilitate efficient responses from market participants to unexpected fluctuations in supply and demand, when reserves are required. Specifically, the final rule requires AEMO to publish energy availability information in the operational timeframe, including:

- **(state of charge)** the energy availability of batteries, aggregated by region, in close to real time and also on the following trading day by dispatchable unit identifier; and
- **(daily energy constraints)** the combined energy constraints of other scheduled plant types (hydro, gas and coal), aggregated by region and published on a daily basis.

The final rule also requires storage participants to provide their maximum storage capacity to AEMO in their bid and offer validation data.

[READ MORE HERE.](#)

Rule name	Clarifying mandatory primary frequency response obligations for bidirectional plant
Amending rule	NER 2024 No. 3
Date of final determination	7 March 2024
Commencement date	3 June 2024 (Schedule 1) 8 June 2025 (Schedule 2)

Details

This final rule seeks to address the concern that existing mandatory PFR and PFR incentive arrangements may not be sufficient to encourage the provision of frequency control services to the power system in a consistent and predictable way over the long term. Specifically, this final rule requires scheduled bidirectional units (ie, batteries with a capacity of 5MW or greater) to provide mandatory PFR when they receive a dispatch instruction to:

- generate electricity (from 3 June 2024 onwards);
- charge (except when solely powering auxiliary loads) (from 8 June 2025 onwards); and
- provide a regulation service (from 8 June 2025 onwards).

The rule does not require batteries to provide PFR when idle or when enabled solely for contingency FCAS, although battery owners may elect to provide PFR in these circumstances in order to receive frequency performance payments. It is also important to note that the new rule will not apply to pumped hydro projects, given that they will not be classified as bidirectional units under the 'Integrating energy storage systems into the NEM' rule.

In addition to the key changes outlined above, the final rule also implements a number of minor changes, including to clarify that:

- battery operators will not be required to renegotiate their connection arrangements when revising PFR settings to comply with this final rule; and
- semi-scheduled generators and scheduled bidirectional units must obtain AEMO's consent before making any changes to frequency control settings.

[READ MORE HERE.](#)

Rule name	Amendment of the Market Price Cap, Cumulative Price Threshold and Administered Price Cap
Amending rule	NER 2023 No. 6
Date of final determination	7 December 2023
Commencement date	1 July 2025 (Schedule 1) 1 July 2026 (Schedule 2)

### Details

This final rule amends the MPC, CPT and APC from 1 July 2025 to 30 June 2028, as follows:

Market price setting	1 July 2025	1 July 2026	1 July 2027
MPC	\$18,600/MWh	\$20,700/MWh	\$22,800/MWh
CPT	\$1,674,000/MWh	\$1,987,200/MWh	\$2,325,600/MWh
CPT hours at MPC	7.5	8	8.5
APC	\$600/MWh	\$600/MWh	\$600/MWh

The AEMC considered that existing market price settings were too low to support sufficient investment in generation, demand response and storage, to address shortages in supply and periods of high prices, and maintain the reliability of the system.

[READ MORE HERE.](#)

Rule name	Amending the administered price cap
Amending rule	NER 2022 No. 11
Date of final determination	17 November 2022
Commencement date	17 November 2022 (Schedule 3) 1 December 2022 (Schedule 1) 1 July 2025 (Schedule 2)

### Details

This final rule increases the APC under the NER from \$300/MWh to \$600/MWh, with effect until 30 June 2025. The APC is the maximum spot price paid to generators in the NEM during an 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 CPT, currently \$1,398,100.

The AEMC did not make any transitional changes to the CPT as part of this final rule.



As part of its 2022 Reliability Standard and Settings Review, the Reliability Panel recommended that, for the period from 1 July 2025 to 30 June 2028, the APC be increased to \$500/MWh and the CPT be increased in three progressive annual adjustments to reach \$2,193,000 by the end of that period. This final rule will apply on a transitional basis, with any change to the longer-term settings of the APC and CPT to be considered once a rule change request is made to implement the Reliability Panel's recommendations.

[READ MORE HERE.](#)

Rule name	Primary frequency response incentive arrangements
Amending rule	NER 2022 No. 8
Date of final determination	8 September 2022
Commencement date	8 September 2022 (Clause 7, Schedules 1, 3 and 4) 8 June 2025 (Schedule 2)

Details

This final rule amends the NER to value the provision of PFR by participants in the NEM under the mandatory PFR requirement, and also to encourage the voluntary provision of additional PFR.

Key features of the final rule include:

- **frequency performance payments:** a new two-sided frequency performance payments process, whereby market participants who achieve positive contribution factors (ie, behaviour that assists in controlling system frequency) will receive performance payments, and the costs of those performance payments will be borne by market participants with negative contribution factors (ie, behaviour that contributes to deviations in system frequency). This new payments process expands on the existing 'causer pays' arrangements for the allocation of FCAS costs and will commence on 8 June 2025. AEMO will also be required to develop a new frequency contribution factors procedure setting out the process for calculating contribution factors, and must publish the first procedure by 8 June 2023;
- **continuation of mandatory PFR:** confirmation that the requirement for scheduled and semi-scheduled generators to automatically respond to fluctuations in power system frequency (ie, the mandatory PFR requirement) will continue beyond 4 June 2023, on the basis that these arrangements send a clear signal to market entrants that they are required to provide PFR and, since their implementation, have been an effective mechanism to improve frequency performance; and
- **reporting:** requirements for AEMO (from 8 September 2022) and the AER (from 8 June 2025) to report on levels of aggregate frequency responsiveness and the costs of frequency performance payments respectively. This change is designed to provide relevant information to market participants and to enable stakeholders to assess the effectiveness of the arrangements for frequency control moving forward.

[READ MORE HERE.](#)

Rule name	Enhancing information on generator availability in MT PASA
Amending rule	NER 2022 No. 7
Date of final determination	18 August 2022
Commencement date	18 August 2022 (Schedule 4) 9 October 2023 (Schedule 1) 3 June 2024 (Schedule 2) 31 July 2025 (Schedule 3)

### Details

This final rule enhances the adequacy and transparency of information regarding unit availability in the medium-term projected assessment of system adequacy (**MT PASA**), which scheduled generators are required to provide to AEMO.

In addition to the current requirement for generators to indicate their daily MW availability over the medium term (between seven days and 36 months), the final rule requires scheduled generators to provide a generating unit's:

- **unit state** in the form of standardised **reason codes** that explain the availability status of the unit; and
- **unit recall time** (for certain reason codes only), being the expected time to return the unit to full availability under normal conditions after a period of unavailability.

This additional information will be collected for the same 36-month period for MT PASA, and published as part of the existing MT PASA process. AEMO will develop standardised reason codes that differentiate between economic reasons for unavailability, such as low wholesale prices making continued operation uncommercial, and physical reasons, such as planned maintenance.

Requirements for the collection and publication of reason codes and recall times are defined in AEMO's reliability standard implementation guideline and MT PASA process description.

The substantive provisions of the final rule come into effect on 9 October 2023, and the requirements will also apply to scheduled bidirectional units on commencement of the *Integrating energy storage systems into the NEM* rule in June 2024.

[READ MORE HERE.](#)

Rule name	Updating Short Term PASA
Amending rule	NER 2022 No. 4
Date of final determination	5 May 2022
Commencement date	19 May 2022 (Schedule 3) 3 June 2024 (Schedule 2)

## Details

This final rule amends the requirements for AEMO and market participants in relation to short-term projected assessment of system adequacy (*ST PASA*).

In particular, the final rule:

- introduces a principles-based framework, directly linked to the PASA objective in clause 3.7.1(b) of the NER, to provide greater flexibility to AEMO and market participants to update ST PASA as the market continues to develop;
- requires AEMO to develop and publish ST PASA procedures, which must be developed and amended in accordance with the NER consultation procedures;
- amends the timeframe that ST PASA covers to each 30-minute period (or such shorter period as determined by AEMO) in at least the seven trading days from and including the day of publication; and
- requires AEMO to publish generation availability information on a dispatchable unit identifier basis, to improve the transparency of information available to market participants.

AEMO is required to publish the ST PASA procedures by 30 April 2025, to give stakeholders three months to comply with these procedures before the changes are implemented on 31 July 2025.

[READ MORE HERE.](#)

# National Gas Rules

## Rule change requests

New rule change requests (since last update, 1 April 2025)

Rule name	ECGS Projected Assessment of System Adequacy
Proponent	Energy Senior Officials on behalf of the ECOM and the Honourable Lily D'Ambrosio MP
Key dates	<a href="#">Initiation date</a> : 10 April 2025 <a href="#">Deadline for submissions</a> : Deadline passed (8 May 2025)
Stage	Preparation of draft determination

### [Summary of request](#)

This rule change request proposes to amend the NGR to introduce both short-term (7 day outlook) and medium-term (12 month outlook) projected assessments of system adequacy for the East Coast Gas System (ECGS). This rule change request forms part of a suite of reforms that seek to improve the reliability and supply adequacy of the ECGS.

The aim of the reliability and supply adequacy forecasts, which would be produced by AEMO on a rolling basis, is to provide a high-quality, systematically produced suite of information on gas supply, demand, and transport capability in the ECGS. The rule change proponents submit that the proposed forecasting mechanism will enhance stakeholders' ability to plan for gas supply shortfalls and emerging adequacy issues.

According to the feasibility assessment prepared by AEMO, existing data provided under parts 18-20 and 27 of the NGR would be largely sufficient in order for AEMO to produce the short-term and medium-term projected assessment of system adequacy reports, but some enhancements would be required to address specific data gaps and quality issues.

Submissions on the consultation paper were due by 8 May 2025. The AEMC will publish a draft determination on 17 July 2025.

[READ MORE HERE](#).

Rule name	Minor changes 1 2025 (Gas)
Proponent	The AEMC
Key dates	<a href="#">Initiation date</a> : 3 April 2025 <a href="#">Deadline for submissions</a> : Deadline passed (1 May 2025)
Stage	Initiation

### [Summary of request](#)

This rule change request proposes typographical amendments to subdivision numbering and the definition of 'BB shipper'.

[READ MORE HERE](#).

## Existing rule change requests

Rule name	ECGS Notice of closure for gas infrastructure
Proponent	Energy Senior Officials on behalf of the Energy Ministers' Sub-Group
Key dates	<a href="#">Initiation date</a> : 20 March 2025 <a href="#">Deadline for submissions</a> : Deadline passed (17 April 2025)
Stage	Preparation of draft determination

### Summary of request

This rule change request seeks to introduce advanced reporting requirements for the planned closures of gas supply and delivery infrastructure for the ECGS by amending the medium-term capacity outlook in the Rules for the Gas Bulletin Board.

The rule change proponent submits that current market monitoring tools fail to provide adequate notice for these closures, which can impact supply reliability and limit market participants' ability to plan and respond effectively. This could ultimately affect resource allocation and system reliability.

Three options have been proposed under the rule change request:

- Option 1: the introduction of a new reporting requirement for AEMO to report on planned closures of supply and delivery infrastructure with at least three years notice, enacted by amending the Gas Statement of Opportunities provisions and Victorian Gas Planning Report provisions in the NGR;
- Option 2: change the Bulletin Board medium-term capacity outlook provisions in Part 18 of the NGR to require operators of supply and delivery infrastructure to report planned permanent closures with a minimum of three years notice; and
- Option 3: include a new part in the rules that requires a notice of closure of supply infrastructure and largely mirrors the requirements in the NEM, providing at least 42 months advanced notice of closure.

Option 2 is the proponent's preferred option because it offers transparency while minimising costs and impacts using existing reporting and penalty frameworks already in place under the rules.

In its consultation paper, the AER sought feedback on whether an advanced notice system could have a material impact on the reliability of supply of the ECGS, the scope of any advanced notice of closure obligation and the proponent's three options.

Submissions on the consultation paper were due by 17 April 2025. The AEMC will publish a draft determination on 26 June 2025.

[READ MORE HERE.](#)

Rule name	ECGS Reliability standard and associated settings
Proponent	Energy Senior Officials, Victorian Minister for Energy and Resources
Key dates	<a href="#">Initiation date</a> : 20 March 2025 <a href="#">Deadline for submissions</a> : Deadline passed (17 April 2025)
Stage	Preparation of draft determination

### Summary of request

This rule change request proposes building a new reliability standard for the ECGS and a review of market price settings to complement the standard. The proponents of the rule change consider that establishing a new reliability standard would enable more timely, informed and efficient market responses to threats in the ECGS.

The proposed changes form part of stage 2 of a suite of reforms initiated in response to a higher-than-expected gas demand and record-high wholesale gas prices during the winter of 2022. Forecasts from AEMO's 2024 GSOO and the ACCC predict ECGS gas shortfalls starting in 2026, primarily due to increased demand from gas-powered generators, slow electrification progress and infrastructure constraints.

The request rule changes build on stage 1 of the reform rollout, which expanded AEMO's powers under the NGL to enable better management of gas supply adequacy and reliability risks. Upcoming changes under the stage 2 reforms include establishing a supplier of last resort mechanism, enabling AEMO to take action to mitigate a forecasted reliability standard breach.

The proposed amendments to the rules include:

- establishing a new reliability standard for the ECGS that reflects customers' value on gas reliability. The proposed reliability standard would function as a benchmark to measure the sufficiency of gas supply, and infrastructure capacity for gas supply, and demand response in order to meet annual and peak day demands in the market. This will comprise two components:
  - an annual 'unserved gas' measure to assess capability against forecast demand and
  - a peak day deliverability measure for high-demand days;
- aligning market price settings (such as gas supply price caps and price floors) with the reliability standard, to be overseen by the AEMC;
- enhancing forecasting tools with reliability forecasts and assessments in the Gas Statement of Opportunities and Victorian Gas Planning Report; and
- creating a signalling mechanism to communicate the nature and severity of reliability threats, and introducing new governance responsibilities for the AEMC, the AEMO and the AER.

In its consultation paper, the AER sought feedback on the efficacy of the measures proposed in the rule change request to address the reliability issues identified by the proponent. Submissions on the consultation paper were due by 17 April 2025. The AEMC will publish a draft determination on 29 June 2026.

[READ MORE HERE.](#)



# Completed rule changes

Final rule determinations (since last update, 1 April 2025)

There have been no new final rule determinations since the last update.

Other rules not yet commenced

Rule name	DWGM interim LNG storage measures
Amending rule	NGR 2022 No. 4
Date of final determination	15 December 2022
Commencement date	15 December 2022 (Schedules 1 and 2) 2 July 2026 (Schedule 3)

## Details

This final rule gives AEMO broader powers to address threats to system security and reliability of supply in the DWGM between 2023 and 2025, in light of the recent decline in the amount of liquefied natural gas (**LNG**) held in storage and the contracted capacity at the Dandenong LNG storage facility.

Under the final rule, AEMO will act as:

### 1. Buyer of last resort:

- AEMO must contract any storage capacity at the Dandenong LNG storage facility that is uncontracted by 1 March each year. AEMO may also procure any additional uncontracted storage capacity for winter that becomes available after 1 March each year.
- AEMO must aim to achieve the highest level of contracted capacity reasonably possible by the beginning of winter, or a lower amount as determined by AEMO and approved by the Victorian Minister.
- AEMO must relinquish contracted capacity if APA (as the LNG storage provider) requests it to do so in order to meet a request from a market participant, and may transfer LNG stock to a market participant if that participant has acquired relinquished capacity.

### 2. Supplier of last resort:

- AEMO may inject gas from its LNG reserve into the DWGM where it reasonably considers that a threat to system security is unlikely to subside without its intervention.
- AEMO may also dispose of LNG stock where it is obliged to do so under a contractual or regulatory obligation (using a bid price of \$0/GJ).
- AEMO's LNG reserve gas may only be included in a pricing schedule and an operating schedule after all available market participants' bids have been scheduled, and AEMO's injection bids from LNG reserve must be at a price equal to the value of lost load (ie, \$800/GJ).

The final rule also sets out processes for AEMO to recover its costs as buyer and supplier of last resort, and establishes a new cost-recovery proceeds distribution process. It also outlines the contractual arrangements between AEMO and APA (the owner and operator of the Dandenong LNG Facility) to facilitate AEMO's two roles.

The rule applies as an interim measure between 2023 and 2025 while the Energy Ministers develop broader reforms to system security and reliability in the DWGM.

[READ MORE HERE.](#)

## Glossary

In this document, the following definitions apply:

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
APC	administered price cap
APP	administered price period
CER	consumer energy resources
CPT	cumulative price threshold
DER	distributed energy resources
DNBP	distribution network service provider
DWGM	declared wholesale gas market
ESB	Energy Security Board
FCAS	frequency control ancillary services
FRMP	financially responsible market participant
IRP	Integrated Resource Provider
ISP	Integrated System Plan
LNG	liquefied natural gas
MPC	market price cap
NECF	National Energy Customer Framework
NER	National Electricity Rules
NERL	National Energy Retail Law
NERR	National Energy Retail Rules
NEM	National Electricity Market
NGR	National Gas Rules
NSP	network service provider
PFR	primary frequency response
RIT-T	Regulatory Investment Test for Transmission
RRO	Retailer Reliability Obligation
TNSP	transmission network service provider
TUOS	transmission use of system

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