



# National Electricity and Gas Rules Update 2018

November 2018 | Rule changes as at 1 December 2018

## National Electricity Rules

There were three new rule change requests in the month of November, each of which relate to the introduction of a wholesale demand response mechanism in the NEM.

There have been three new final determinations since the last Update. The first corrects minor non-material errors in the NER. The second creates a framework for compensating market participants who suffer loss due to market suspension. The third requires generators to provide AEMO with at least three years' notice of closure.

There have been no new draft determinations published since the last Update.

## National Energy Retail Rules

There were three new rule change requests in the month of November, each of which again relate to the introduction of a wholesale demand response mechanism in the NEM.

There have been two new final determinations since the last Update. The first corrects minor non-material errors in the NER. The second requires the AER to develop, maintain and publish a Customer Hardship Policy Guideline.

There have been no new draft determinations published since the last Update.

## National Gas Rules

There were two new rule change requests in November. The first would revoke the Northern Gas Pipeline's exemption from the framework for arbitration and information disclosure. The second would introduce a suite of changes to the regulation of covered pipelines.

There have been no new final determinations or draft determinations since the last Update.

## Opportunities for Stakeholders

**NER and NERR** – Submissions on the consultation paper for the three requests relating to the introduction of a wholesale demand response mechanism are due on 21 December 2018.

## Energy Reform

On 10 December 2018, the AER released an issues paper on the Customer Hardship Policy Guideline (**Hardship Guideline**). The purpose of the paper is to seek stakeholder input on the key issues that will guide its development of the Hardship Guideline.

This development process was triggered by the recent rule change which requires the AER to develop, maintain and publish a Hardship Guideline that contains:

- the processes, timeframes and requirements in relation to AER approval (or variation) of retailer hardship policies; and
- standardised statements for inclusion in retailer's hardship policies to inform customers of how the retailer will meet the minimum requirements in section 44 of the NERL as well as guide customers on their rights and obligations.

The issues paper outlines four broad issues which the AER has identified as requiring stakeholder input. These are:

1. How should the Hardship Guideline best ensure that customers are effectively informed about their rights?
2. How should the Hardship Guideline support consistent application of the Retail Law minimum standards?
3. How should the Hardship Guideline support consumers most in need of hardship assistance to receive it?
4. How should the Hardship Guideline facilitate more customers completing hardship programs successfully?

Under each of these broad issues the AER has identified a number of specific questions to further guide consultation. Submissions on the issues paper are due by 14 January 2019.

For more information, see [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 & National Energy Retail Rules

## Rule Change Requests

Rule Name	Proponent	Lodgement Date	Stage	Deadline for Submissions	Summary of Request
<b>New rule change requests</b>					
Wholesale demand response mechanism	Public Interest Advocacy Centre, Total Environment Centre, The Australia Institute	31 August 2018	Consultation on request for rule change	21 December 2018	<p>This rule change request by the Public Interest Advocacy Centre seeks to amend the NER and NERR to introduce a wholesale demand response mechanism, responding to one of the recommendations from the AEMC's recent Reliability Frameworks Review. The proposed change would create a new category of market participant, a Demand Response Service Provider (DRSP), which would submit demand response offers to the wholesale market that would be scheduled in a manner similar to bids from generators. The DSRP would receive the spot price for the reduction in demand which it would share with its customers.</p> <p>On 15 November 2018, the AEMC published a single consultation paper covering this rule change request and two other recent requests relating to wholesale demand response (described below). Submissions on this paper are due on 21 December 2018.</p> <p>The AEMC has indicated that, given the complexity and scope of issues in these three requests, it may be necessary to extend the six month standard rule making process.</p> <p>Read more <a href="#">here</a>.</p>
Wholesale Demand Response Register Mechanism	Australian Energy Council	18 October 2018	Consultation on request for rule change	21 December 2018	<p>This rule change request by the Australian Energy Council also seeks to amend the NER and NERR to introduce a wholesale demand response mechanism into the NEM. The proposed change would define a new category of market participant, a Demand Response Aggregator (DRA), which would control demand response and behind-the-meter generation at a connection point. AEMO would maintain a register of the demand side capabilities of DRAs and loads registered with a DRA would participate in the spot market as a scheduled load.</p> <p>On 15 November 2018, the AEMC published a single consultation paper covering this rule change request and two other recent requests relating to wholesale</p>

Rule Name	Proponent	Lodgement Date	Stage	Deadline for Submissions	Summary of Request
					<p>demand response (described above and below). Submissions on this paper are due on 21 December 2018.</p> <p>The AEMC has indicated that, given the complexity and scope of issues in these three requests, it may be necessary to extend the six month standard rule making process.</p> <p>Read more <a href="#">here</a>.</p>
Mechanisms for wholesale demand response	South Australian Minister for Energy	30 October 2018	Consultation on request for rule change	21 December 2018	<p>This rule change request by the South Australian Government also seeks to amend the NER and NERR to facilitate a demand response mechanism in the wholesale electricity market. Similar to the rule change proposed by the Public Interest Advocacy Centre above, the proposed change would create a new category of market participant, a Demand Response Service Provider (DRSP), which would submit demand response bids into the wholesale market which would then be dispatched in the same manner as a scheduled generator.</p> <p>On 15 November 2018, the AEMC published a single consultation paper covering this rule change request and two other recent requests relating to wholesale demand response (described above). Submissions on this paper are due on 21 December 2018.</p> <p>The AEMC has indicated that, given the complexity and scope of issues in these three requests, it may be necessary to extend the six month standard rule making process.</p> <p>Read more <a href="#">here</a>.</p>
<b>Existing rule change requests</b>					
Enhancement to the Reliability and Emergency Reserve Trader	AEMO	9 March 2018	Consultation on options paper	Deadline passed (29 November 2018)	<p>AEMO submitted a rule change request to the AEMC proposing broad changes to the design of the Reliability and Emergency Reserve Trader (<b>RERT</b>) framework. These changes include a longer time horizon for procuring RERT contracts prior to identified shortfalls, redesign of the RERT trigger and the introduction of standardised RERT products.</p> <p>On 21 June 2018, the AEMC issued a consultation paper on the rule change request with an options paper following on 18 October 2018. Submissions on the options papers were due by 29 November 2018. It is expected that the draft</p>

Rule Name	Proponent	Lodgement Date	Stage	Deadline for Submissions	Summary of Request
					determination will be published by 31 January 2019 and then the final rule determination by 25 April 2019. For more information, see <a href="#">here</a> .
Global Settlement and Market Reconciliation	AEMO	16 March 2018	Consultation on Draft Determination	Deadline passed (25 October 2018)	On 30 August 2018, the AEMC published a draft determination and draft rule for this request. The draft rule introduces a new framework for settling the demand side of the wholesale National Electricity Market, using a 'global settlement' framework instead of the current 'settlement by differencing' approach. Key differences between the draft rule and AEMO's rule request include the treatment of unaccounted for energy, virtual transmission nodes and the accounting of energy associated with unmetered loads. The draft rule would commence at the same time as the five minute settlement rule (1 July 2021).  Submissions on the draft determination and draft rule were due by 25 October 2018. A final determination is expected by 6 December 2018. For more information, see <a href="#">here</a> .
Metering installation timeframes	Hon Josh Frydenberg MP, Minister for the Environment and Energy on behalf of Australian Government; the Australian Energy Council	1 March 2018 5 May 2018	Consultation on Draft Determination	Deadline passed (25 October 2018)	This proposed change aims to protect small customers who, as a result of rule changes which commenced on 1 December 2017, are entitled to receive new Type 4 meters from their retailer. The request includes amendments to the NER and the NERR to require retailers to provide small customers with new meters on the date agreed by the customer, or otherwise within 6 business days, as well as other changes to timeframes for repairing faulty meters and notifying customers of planned interruptions, etc.  On 13 September 2018, the AEMC published a draft determination and draft rule for this rule change request. A stakeholders workshop was held on 12 October 2018 to discuss the draft rule. Submissions on the draft determination and draft rule were due by 25 October 2018 with final determination expected by 6 December 2018. For more information, see <a href="#">here</a> .

## Rule Changes: recent and not yet commenced

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
<b>Final rule determinations since last Update</b>				
National Electricity Amendment (Minor Changes 2) Rule 2018 (electricity Rule)	9 November 2018	NER 2018 No. 11	8 November 2018	This non-controversial rule change corrected minor non-material errors that currently exist in the NER. These corrections included a change to the definition of 'jurisdictional regulator' in clause 8.12(a) of the NER to include the Tasmanian regulator as well as updates to reflect the <i>National Electricity (South Australia) Regulations</i> .  For more information, see <a href="#">here</a> .
National Energy Retail Amendment (Minor Changes 2) Rule 2018 (retail Rule)	9 November 2018	NERR 2018 No. 5	8 November 2018	This non-controversial rule change clarified the AEMC's existing position on when the NERR restrictions on a retailer's right to de-energise a dual gas and electricity customer apply.  For more information, see <a href="#">here</a> .
Strengthening protections for customers in hardship	15 November 2018	NERR 2018 No. 6	15 November 2018	This rule change requires the AER to develop a Customer Hardship Policy Guideline, to provide industry with direction on how to apply the minimum requirements for hardship policies contained in the NERR and enable clearer regulatory oversight of retailer compliance.  For more information on the rule, see <a href="#">here</a> .  The AER released an issues paper on the Customer Hardship Policy Guideline on 10 December 2018 with submissions due by 14 January 2019. This issues paper is discussed in more detail in the Energy Reform section above.
Participant compensation following market suspension	22 November 2018 20 December 2018 1 July 2021	NER 2018 No. 13	15 November 2018	This rule establishes a framework for the compensation of market participants who suffer loss due to pricing during market suspension. The purpose of the change is to encourage participants to keep the power system operating during periods of market suspension instead of waiting for direction from AEMO.  For more information, see <a href="#">here</a> .
Generator three year notice of closure	8 November 2018	NER 2018 No. 12	8 November 2018	This rule requires scheduled and semi-scheduled generators to provide AEMO with at least three years' notice of when they will cease operation. The change stems from one of the recommendations of the Finkel Review and aims to provide market

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
				<p>participants with clear and specific information on closure dates so they can better plan for the introduction of new capacity.</p> <p>The AEMC has also recommended that the requirement to notify AEMO of closure dates be classified as a civil penalty provision.</p> <p>For more information, see <a href="#">here</a>.</p>
<b>Other rules not yet commenced</b>				
Estimated meter reads	1 February 2019	2018 No. 4	25 October 2018	<p>This rule will permit small customers to submit a self-read of their meter to their retailer if they receive a bill that is based on an inaccurate estimate of their energy consumption. Under the NERR, a retailer may, in limited circumstances, base a small customer's bill on an estimation of their energy consumption. This rule will reduce a small customer's exposure to over- or under-charging as a result of receiving a bill based on an inaccurate estimate by the retailer.</p> <p>The AEMC has also recommended that the requirement for retailers to comply with this new rule be classified as a civil penalty provision.</p> <p>The final rule also provides for enhanced customer dispute measures in the NER.</p> <p>For more information, see <a href="#">here</a>.</p>
Advance notice of price changes	1 February 2019	2018 No. 3	27 September 2018	<p>This rule will require electricity and gas retailers to provide their customers with five business days advance notice of price changes. At present, customers must be informed by retailers of changes in the prices they pay for energy no later than their next bill, which for households can be up to three months after a change is made. The purpose of the rule change is to provide customers with sufficient time and information to consider their options prior to a price change taking effect.</p> <p>For more information, see <a href="#">here</a>.</p>
Minor changes (retail)	10 April 2018 1 February 2019	2018 No. 1	3 April 2018	<p>This AEMC-initiated rule corrects minor and non-material errors in the NERR, including formatting and typographical errors and the deletion of redundant definitions. The rule further inserts notes for each new civil penalty provision in the NERR as a result of the <i>National Energy Retail (Civil Penalties) Variation Regulations 2017</i>. Associated minor changes to the NER have already commenced.</p> <p>For further information, see <a href="#">here</a>.</p>

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
Strengthening protections for customers requiring life support equipment	1 February 2018 1 February 2019	2017 No. 3	19 December 2017	<p>This rule amends the NERR to provide greater protection from de-energisation to life support customers who have not validly registered with the NERR. The changes entitle customers to life support protections from the time they first inform either their retailer or distributor of their status as life support customer. It also contains amendments which alter the minimum requirements for retailers and distributors to register and deregister customers for life support protections. Further, the rule change clarifies the role of retailers and distributors with regards to the registration, medical confirmation and deregistration processes.</p> <p>For further information, see <a href="#">here</a>.</p>
Five Minute Settlement	19 December 2017 1 July 2021	2017 No. 15	28 November 2017	<p>This rule amends the NER to reduce the settlement interval from 30 minutes to five minutes. As a result, the spot price for electricity on the wholesale market will be determined for each five minute trading interval instead of the average of dispatch prices across a 30-minute timeframe. This change aligns the operational dispatch and financial settlement periods, with a view to encouraging contestability of demand response technology and improving incentives for more efficient generation.</p> <p>The rule applies differently between meter specifications. Types 1, 2 and 3 meters will need to record and provide five minute data from 1 July 2021. With certain exceptions, data from type 4, 4A, 5 and 6 meters that have already been installed will be profiled to five minute intervals by AEMO. From 1 December 2018 and 1 December 2019, all new or replaced type 4 and type 4A meters will need to provide five minute data, respectively.</p> <p>The rule provides for a transition period starting on 19 December 2017 and coming into full effect on 1 July 2021.</p> <p>For further information, see <a href="#">here</a>.</p>



# ➤ National Gas Rules

## Rule Change Requests

Rule Name	Proponent	Lodgement Date	Stage	Deadline for Submissions	Summary of Request
<b>New rule change requests since last Update</b>					
Northern Gas Pipeline – Derogation from Part 23	Environmental Justice Australia, Institute for Energy Economics and Financial Analysis	15 November 2018	Consultation on request for rule change	13 December 2018	<p>This rule change request would revoke the derogation in the National Gas Rules that exempts the Northern Gas Pipeline (<b>NGP</b>) from the framework for arbitration and information disclosure. The NGP is being developed by Jemena between the Northern Territory and Queensland with the derogation running for 15 years. The proponents contend that the derogation allows Jemena to set tariffs for the NGP without adequate oversight, results in an information asymmetry and produces an unregulated monopoly.</p> <p>The AEMC has published a consultation paper and seeks stakeholder feedback on the proposed revocation of the NGP derogation. The deadline for submissions is 13 December 2018.</p> <p>For more information, see <a href="#">here</a>.</p>
Regulation of covered pipelines	COAG Energy Council	1 November 2018	Publication of draft determination	31 January 2019	<p>This rule change request seeks to implement a number of recommendations from the AEMC's recent review into the scope of economic regulation applied to covered pipelines. The changes are designed to help gas pipeline users negotiate better deals by improving market information, supporting effective negotiations and improving access to covered pipelines. It is also intended that the changes will assist regulators to make more informed decisions on reference services, access arrangements and efficient allocation of costs.</p> <p>On 6 December 2018, the AEMC published a draft rule determination for this change. Submissions close on 31 January 2019. The rule change request has been fast tracked so a final determination is expected by April 2019.</p> <p>For more information, see <a href="#">here</a>.</p>

Rule Name	Proponent	Lodgement Date	Stage	Deadline for Submissions	Summary of Request
<b>Existing rule change requests</b>					
No existing rule change requests.					

### Rule Changes: recent and not yet commenced

Rule Name	Commencement Date	Amending Rule	Date of Final Determination	Details
<b>Final rule determinations since last Update</b>				
No final rule determinations.				
<b>Other rules not yet commenced</b>				
Gas day harmonisation	1 April 2021	2017 No. 2	16 February 2017	<p>This rule amends the NGR to implement a recommendation of the AEMC <a href="#">Stage One Final Report</a> on the East Coast Wholesale Gas Market and Pipeline Frameworks Review, relating to its proposal to harmonise the gas day start time of the eastern Australian facilitated gas markets.</p> <p>From 1 April 2021, a single definition of 'gas day' will apply, bringing the gas day start times in the Short Term Trading Markets and the Wallumbilla Gas Supply Hub into conformity with the Victorian Declared Wholesale Gas Market. The 'gas day' is a 24 hour period during which gas flows are measured. The purpose of this amendment is to remove unnecessary complexities and inconsistencies between the different markets to incentivise inter-regional trade and reduce compliance costs.</p> <p>The commencement date of the rule has been set to coincide with the expected completion of the integration of the east coast gas markets.</p> <p>For more information, see <a href="#">here</a>.</p>

## Disclaimer

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