

National Electricity and Gas Rules

Update 2024

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 South Australian jurisdictional derogation – Interim reliability reserve eligibility; Improving the NEM access standards – Package 1

New draft determinations Improving the NEM access standards – Package 1; Improving the cost recovery arrangements for Transmission non-network options; Inter-regional settlements residue arrangements for transmission loops

Completed rule changes Improving consideration of demand-side factors in the ISP; Better integrating gas and community sentiment into the ISP; Integrating price-responsive resources into the NEM; Cyber security roles and responsibilities; Shortening the settlement cycle; Rescheduling the generator compliance programs review; Accelerating smart meter deployment; RRO exemption for scheduled bi-directional units

The NERR

New rule change requests Removing fees and charges; Ensuring energy plan benefits last the length of the contract; Removing unreasonable conditional discounts; Preventing price increases for a fixed period under retail market contracts; Assisting hardship customers

Completed rule changes Accelerating smart meter deployment

The NGR

Completed rule changes Better integrating gas and community sentiment into the ISP (Gas)

Opportunities for stakeholders

Due by Opportunities for submissions

30 January 2025 Improving the NEM access standards – Package 1; Improving the cost recovery arrangements for Transmission non-network options; Inter-regional settlement residue arrangements for transmission loops

5 February 2025 Efficient provision of inertia

Energy reform

Australian government announces panel to overhaul NEM

In late 2024 – in a surprise to many industry observers – Australian Minister for Climate Change and Energy Chris Bowen declared the formation of an expert panel to review and recommend reforms to the NEM, NER and National Electricity Law. As part of the overhaul, the panel will be required to make recommendations to the Energy and Climate Change Ministerial Council (*ECMC*) that promote the National Electricity Objectives. Specifically, the recommendations will be targeted towards supporting investment in renewable generation and storage capacity in the NEM while promoting the provision of affordable reliable energy for consumers.

The panel is staffed by full time Chair and former AGL Energy Executive Tim Nelson, as well as part time members Paula Conboy, former AER chairwoman, Ava Hancock, former adviser to the NSW Government on the design of the NSW energy road map, and Phil Hirschhorn, former senior partner at Boston Consulting Group.

The panel will consider both the now-disbanded ESB's work on incentivising firmed dispatchable generation and NEM storage capacity, in addition to AEMO's ISP. The panel is also encouraged to consider interactions with the NEM reliability framework and the Federal Government's renewable energy targets. The panel is prohibited from making recommendations that entail carbon trading schemes, carbon markets or government support of new fossil fuel generation.

The recommendations are expected to be delivered to the Federal Government and the ECMC in late 2025, coupled with a roadmap outlining the parties responsible for implementation and associated deadlines. Throughout the process, the panel will engage in public consultation and invite general submissions, releasing draft reports to the public before final recommendations are made. The panel is obliged to consult with a number of key stakeholders, including governments, regulatory bodies, industry participants and unions.

If accepted, the recommendations are expected to be implemented after the closure of Capacity Investment Scheme tenders in 2027.

[READ MORE HERE.](#)

National Electricity Rules and National Energy Retail Rules

Rule change requests

New rule change requests (since last update, 1 November 2024)

Rule name	Removing fees and charges
Proponent	The Honourable Chris Bowen, Minister for Climate Change and Energy
Key dates	Initiation date : 28 November 2024 Deadline for submissions : Deadline passed (16 January 2025)
Stage	Consultation on consultation paper

Summary of request

The AEMC released a consultation paper seeking feedback on this rule change request in conjunction with three other rule changes (see the rule change request summaries below titled: 'Ensuring energy plan benefits last the length of the contract', 'Removing unreasonable conditional discounts' and 'Preventing price increases for a fixed period under market retail contracts'), which together seek to improve protections for consumers through changes to regulatory requirements regarding retail energy contracts. This rule change request is driven by findings from the ACCC's June 2023 and December 2023 *Inquiry into the National Electricity Market* reports, including that energy plans should be more transparent about underlying fees and charges.

This rule change request proposes to amend the NERR to prevent retailers from imposing the following fees and charges on small energy customers, unless State or Territory legislation authorises them to be charged:

- account establishment fees;
- special meter read fees (move-in and move-out reads);
- credit card payment fees (except if they reflect the reasonable costs of the retailer);
- late payment fees (except if they reflect the reasonable costs of the retailer);
- early termination fees;
- over the counter fees at Australia Post; and
- paper bill fees.

Under this proposed rule change, retailers could elect to recover these costs through tariffs, which would help expose these costs to competitive pressures between retailers. States and Territories have already imposed limitations on certain fees and charges. The AEMC will consider the interaction of any rule change with these existing jurisdictional derogations, and whether a change to the NERR (in lieu of jurisdictional derogations) would help provide consistency for retailers.

The AEMC will also consider, amongst other things:

- the materiality of the impact of large conditional fees / discounts on vulnerable customers;
- what fees and charges should be prohibited;
- whether the proposed solution should apply to all or a select group of customers; and
- whether the proposed solution addresses the issues raised in the rule change request, or if alternative solutions (such as jurisdictional measures or stronger guidance) would be better.

The proposed assessment criteria for the four rule change requests covered by the consultation paper are: outcomes for consumers; principles of market efficiency; implementation considerations; and principles of good regulatory practice.

The AEMC expects to publish a draft determination on 27 March 2025.

[READ MORE HERE.](#)

Rule name	Ensuring energy plan benefits last the length of the contract
Proponent	The Honourable Chris Bowen, Minister for Climate Change and Energy
Key dates	Initiation date: 28 November 2024 Deadline for submissions: Deadline passed (16 January 2025)
Stage	Consultation on consultation paper

Summary of request

This rule change request is the subject of a consultation paper covering three other rule change requests which seek to bolster protections for consumers through changes to the regulatory requirements regarding retail energy contracts (see 'Removing fees and charges' rule change request above). This rule change request follows findings by the ACCC in its December 2023 *Inquiry into the National Electricity Market* report, including that consumers who do not engage actively in the retail energy market experience higher prices, particularly if they are on legacy plans with expired benefit periods. Retailers recoup their costs by setting low acquisition offers and subsequently increasing their prices. Once the benefit period expires, some consumers may be on plans at or above the default market offer if they do not (or cannot) engage regularly in the market.

The rule change request proposes to amend the NERR to require retailers to provide any benefits under a contract (in terms of price or other offers) for the duration of the contract, not just for an introductory period. This is proposed to be achieved through changes to Part 2, Division 7 of the NERR, which would require fixed term retail contracts to end at the expiry of the applicable benefit or discount period. For ongoing contracts, the discount must apply continually. A similar rule was introduced in Victoria and took effect from 1 July 2020.

Other amendments to the NERR proposed by this rule change request include:

- requiring retailers to provide customers with reasonable notice in advance of the end date of the benefit period and contract;
- requiring retailers to provide customers with information on the customer's options at the end of the benefit period; and

- changes to address the need for explicit informed consent from inactive customers to move to a new contract, eg, by amending the market retail contract minimum requirements to include a standard term for end of contract arrangements.

The AEMC expects to publish a draft determination on 27 March 2025.

[READ MORE HERE.](#)

Rule name	Removing unreasonable conditional discounts
Proponent	The Honourable Chris Bowen, Minister for Climate Change and Energy
Key dates	Initiation date : 28 November 2024 Deadline for submissions : Deadline passed (16 January 2025)
Stage	Consultation on consultation paper

Summary of request

This rule change request is the subject of a consultation paper covering three other rule change requests which seek to bolster protections for consumers through changes to retail energy contracts (see 'Removing fees and charges' rule change request above). In its December 2023 *Inquiry into the National Electricity Market* report, the ACCC found that customers on legacy market offers with large conditional fees or discounts are at risk of paying significantly more than the default offer if they do not qualify for the discount or avoid the fee (as applicable). The AEMC's *Regulating conditional discounting* final rule was implemented in 2020, which limited conditional fees and discounts on new contracts (entered into on or after 1 July 2020) to the costs reasonably faced by the retailer when a consumer fails to satisfy the relevant condition. The ACCC's December 2023 report found that a number of customers remain on contracts entered into prior to 1 July 2020 which include large conditional fees or discounts.

The rule change request proposes to amend the NERR to remove the grandfathering arrangement in the AEMC's *Regulating conditional discounting* final rule to ensure that, for those contracts entered into prior to 1 July 2020, conditional fees and discounts are limited to reflecting the retailer's reasonable costs. This change seeks to ensure that consumers are not paying more than what they would pay if they met the conditions of their contract.

To implement this rule, the rule change request contemplates that retailers would be required to:

- move customers onto a plan made after the AEMC's *Regulating conditional discounting* final rule commenced, where the new conditional price is equal to or better than their existing conditional price; or
- keep customers on their existing plan, but reduce the conditional discount value (and underlying energy prices) so that the conditional price and other elements of the plan remain the same.

The AEMC expects to publish a draft determination on 27 March 2025.

[READ MORE HERE.](#)

Rule name	Preventing price increases for a fixed period under retail market contracts
Proponent	The Honourable Chris Bowen, Minister for Climate Change and Energy
Key dates	Initiation date : 28 November 2024 Deadline for submissions : Deadline passed (16 January 2025)
Stage	Consultation on consultation paper

Summary of request

This rule change request is the subject of a consultation paper covering three other rule change requests which seek to bolster protections for consumers through changes to the regulatory requirements regarding retail energy contracts (see 'Ensuring energy plan benefits last the length of the contract', 'Removing unreasonable conditional discounts' and 'Removing fees and charges' rule change requests above).

The ACCC has identified that energy retailers exploit consumers who do not regularly engage with the retail market or 'shop around' for the best priced plans on offer. In its December 2023 *Inquiry into the National Electricity Market* report, the ACCC found that 79% of residential customers were better off switching from their incumbent retailer, and that retailers engaged in a pattern of conduct which used low prices to draw consumers in and then promptly increased their prices thereafter.

The proponent of the rule change request recommends a regime which would prevent retailers from increasing tariffs or charges paid by the consumer for a fixed period of time after the commencement of a market retail contract, suggesting three different options to address this problem:

- preventing price increases during the first 100 days of a consumer's retail contract;
- allowing only one annual price increase (which would be similar to the regime currently in place in Victoria); or
- granting the AER data collection powers with respect to price changes under market retail contracts (including the scope and size of those changes) as part of its regular performance reporting.

The proponent for the rule change request submits that by limiting the frequency of price increases under their market retail contracts, consumers will be better placed to manage their electricity bills as they would have greater certainty about the costs. The AEMC will consider exempting innovative product offerings from any new price change requirements, noting that certain engaged consumers may benefit from entering contracts with novel pricing structures.

The AEMC expects to publish a draft determination on 27 March 2025.

[READ MORE HERE.](#)

Rule name	Assisting hardship customers
Proponent	The Honourable Chris Bowen, Minister for Climate Change and Energy
Key dates	Initiation date : 28 November 2024 Deadline for submissions : Deadline passed (16 January 2025)
Stage	Consultation on consultation paper

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 rule change responds to recommendations from the AER's November 2023 *Game Changer* report, which identified that one in five Australians could not afford to comfortably heat or cool their homes. The report recommended that hardship customers should be automatically switched over to deemed better offers, which may be assessed by reference to the AER's Better Bills Guidelines. As part of that report, the AER proposed a number of alternative models which would allow for hardship customers to be automatically switched to deemed better offers (with options for the customer to opt out of or reverse the switch, or to provide general consent for a future switch to a deemed better offer).

The proponent for the rule change request has adopted an alternative proposal which provides consumers with a credit on their retail account where a deemed better offer is available to the customer. The rule change does not require amendments to the explicit informed consent provisions of the NERL, which would be required to implement any of the AER's models for automatic switching of hardship customers.

The credit would be calculated as the difference between the full amount of a customer's bill and what the customer would have been charged if they were on the deemed better offer under the AER's Better Bills Guideline. There would be no credit if the customer is already on the deemed better offer. Any bill credit would be pro-rated to the period during which the customer was eligible for hardship protections.

The AEMC expects to publish a draft determination and draft rule change by 27 March 2025.

[READ MORE HERE.](#)

Rule name	South Australian jurisdictional derogation – Interim reliability reserve eligibility
Proponent	The Honourable Tom Koutsantonis MP, Minister for Energy and Mining in South Australia
Key dates	Initiation date: 28 November 2024 Deadline for submissions: Deadline passed (2 January 2025)
Stage	Preparation of final determination

Summary of request

This urgent rule change request seeks a jurisdictional derogation for South Australia from rules 3.20.3 (g) and (h) of the NER (which prohibit AEMO from entering into a scheduled reserve contract with a generator that was available for dispatch on the NEM any time during the 12 months preceding the date of the contract). This would allow AEMO to consider procuring the Snuggery and Port Lincoln peaking generators (which were both last available for dispatch on 1 July 2024) for interim reliability reserve via out-of-market reserve contracts.

The rule change request was introduced in response to the 2024 ESOO's forecast of a 200MW reliability shortfall against the Interim Reliability Reserve for South Australia for the 2024-25 period. This shortfall may be further exacerbated by delays to the connection and energisation of Project EnergyConnect, which were not modelled into AEMO's 2024 reliability forecast for South Australia. Accordingly, there is a risk that AEMO will need to undertake load shedding in 2025, impacting the security and reliability of energy supply to consumers in South Australia.

If the jurisdictional derogation is implemented, AEMO will be able to contract with Engie to use Port Lincoln (75MW) and Snuggery (63MW) to provide additional interim reliability reserves. The proposed jurisdictional derogation would last for a period of no longer than two years.

The AEMC has published a consultation paper seeking stakeholder feedback to this rule change request. However, due to the urgency involved, there will be no draft determination, with the next stage being the publication of the AEMC's final determination.

[READ MORE HERE.](#)

Rule name	Improving the NEM access standards – Package 1
Proponent	AEMO
Key dates	Initiation date: 14 November 2024 Deadline for submissions: 30 January 2025
Stage	Consultation on draft 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 is 10 April 2025. 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 has been issued for consultation without a consultation paper. Stakeholders are encouraged to provide feedback on the draft determination and draft rule by 30 January 2025.

[READ MORE HERE.](#)

Existing rule change requests

Rule name	Real-time data for consumers
Proponent	Energy Consumers Australia
Key dates	Initiation date : 10 October 2024 Deadline for submissions : Deadline passed (7 November 2024)
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.

Due to the volume of stakeholder feedback on the consultation paper, the AEMC has extended the anticipated date of publication of its draft determination to 15 May 2025. The AEMC is also intending to publish a directions paper outlining its proposed approach in late January 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	Initiation date : 3 October 2024 Deadline for submissions : Deadline passed (7 November 2024)
Stage	Preparation of draft determination

Summary of request

This rule change request 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 rule change request was introduced in response to the increasing frequency of severe weather events which are, in turn, increasing the likelihood of widespread long-duration outages. Currently, there is no formal framework for distribution network resilience expenditure, which is usually recovered as an ex post cost pass through after a long-duration event. The proponent considers that the regulatory arrangements may not sufficiently prioritise consumer outcomes in long-duration outages.

As such, this rule change 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; and
- 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.

This proposal seeks to ensure DNSPs and the AER compare the value and costs of ex ante expenditure to proactively address the risk of severe weather (and other adverse events) with ex post cost pass through to consumers to repair networks and restore power after an outage.

The AEMC expects to publish a draft determination on 13 February 2025.

[READ MORE HERE.](#)

Rule name	Allowing AEMO to accept cash as credit support
Proponent	Delta Electricity
Key dates	Initiation date: 1 October 2024 Deadline for submissions: Deadline passed (21 November 2024)
Stage	Preparation of 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.

The AEMC is seeking stakeholder feedback on the potential benefits and costs of the proposal. The benefits identified by the AEMC include:

- **(market stability)** by offering a flexible option for credit support, the proposal may pre-empt similar issues for other participants, preventing sudden exits of profitable and solvent entities from the market; and

- **(reduced administrative burden)** cash security avoids the administrative difficulties of obtaining, maintaining and calling upon a bank guarantee,

while the risks include:

- **(insolvency risks)** if a market participant provides cash as security and then becomes insolvent, there is a risk that the cash could be clawed back by liquidators as an unfair preference. This could materially impact AEMO's financial position; and

- **(impact on emissions)** providing enhanced flexibility may delay emissions reductions associated with the exit of fossil fuel based operators from the NEM.

The AEMC is also seeking feedback on several proposals that may serve to mitigate these risks, including:

- **(socialising clawback costs)** implementing rules to facilitate the recovery of costs from participants if a clawback occurs due to insolvency;

- **(guidance on cash acceptance conditions)** publishing guidance which sets limits on the amount of cash that can be provided or establishes criteria that participants must meet to use cash as credit support; and

- **(registering a security interest)** allowing AEMO to register a security interest over cash deposits under the Personal Property Securities Act (PPSA), providing some protection against insolvency-related clawbacks.

The AEMC proposed an expedited rule-making process for this rule change request due to the potential impact on market security if Delta is unable to continue operating in the NEM due to a credit support failure. However, due to objections from stakeholders about using an expedited process given the complexity of the issues raised by the rule change request, the AEMC has extended the timeframe for its draft determination to 3 April 2025.

[READ MORE HERE.](#)

Rule name	Improving the cost recovery arrangements for Transmission non-network options
Proponent	Transgrid
Key dates	Initiation date: 22 August 2024 Deadline for submissions: 30 January 2025
Stage	Consultation on draft determination

Summary of request

This more preferable draft rule seeks to address uncertainty within the cost recovery framework for non-network options (**NNOs**) (such as batteries), which is impeding the delivery of NNOs as an alternative to network solutions.

Currently, NNO costs are classed as 'ongoing operating expenditure' that is excluded from the AER's base-step-trend opex approach, with costs recovered as a direct pass-through to consumers rather than as part of a TNSP's approved efficient operating expenditure for a regulatory control period. These costs are assessed ex-post through the network support pass through mechanism.

The draft rule has three key features designed to improve certainty around recovery of NNO costs:

- a new ex-ante process to enable a TNSP to apply to the AER to adjust its network support payment allowance within a regulatory control period, allowing forecast costs to be recovered in the same year in which they are expected to be incurred. The draft rule proposes that the AER will publish a new guideline setting out eligibility criteria and thresholds for accessing this new ex-ante process (which is a new development from the rule change request);
- a mechanism for TNSPs to seek ex ante approval from the AER of a 'methodology' for how costs under an agreement between a TNSP and NNO provider will be incurred and adjusted over a period of time. TNSPs must seek approval of a 'methodology' at the same time as seeking a network support payment allowance during their revenue determination or a mid-regulatory control period adjustment to the network support payment allowance, as described above. The AER would be required to have regard to an **approved** methodology when setting or adjusting the network support payment allowance and assessing ex post network support pass through 'true up' applications. However, unlike the rule change request, the draft rule does not bind the AER to automatically approve future costs that are consistent with the methodology; and
- timely implementation with an immediate rule commencement date (expected March 2025) and a transitional rule for the period before the AER's publication of the 'Network alternative support payment guideline'.

The AEMC is seeking feedback on the draft determination and draft rule by 30 January 2025.

[READ MORE HERE.](#)

Rule name	Inter-regional settlement residue arrangements for transmission loops
Proponent	AEMO
Key dates	Initiation date: 8 August 2024 Deadline for submissions: 30 January 2025
Stage	Consultation on draft 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 and is requesting stakeholder feedback on the draft determination and draft rule by 30 January 2025.

[READ MORE HERE.](#)

Rule name	Efficient provision of inertia
Proponent	Australian Energy Council (AEC)
Key dates	Initiation date : 2 March 2023 Deadline for submissions : 5 February 2025
Stage	Consultation on directions paper

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.

The AEMC is seeking stakeholder input on the findings of the Directions Paper by 5 February 2025.

[READ MORE HERE.](#)

Completed rule changes

Final rule determinations (since last update, 1 November 2024)

Rule name	Improving consideration of demand-side factors in the ISP
Amending rule	NER 2024 No. 26
Date of final determination	19 December 2024
Commencement Date	19 December 2024

Summary of request

The final rule seeks to better account for demand-side factors (such as orchestrated CER and distributed resources) in the analysis underpinning the ISP. The rule directly responds to a request made in June 2024 by the Energy and Climate Change Ministerial Council that noted the importance of CER and distributed resources in supporting the energy transition.

The final rule, which does not include any substantive amendment to the draft determination, strengthens AEMO's analysis of demand-side factors in the ISP by:

- requiring AEMO to publish a demand-side factors statement explaining how it expects the demand side of the market to develop and how demand-side factors affect the efficient development of the power system;
- requiring AEMO to develop information guidelines for gathering data from DNSPs and to publish that information in the ISP database; and
- requiring DNSPs to comply with the information guidelines and publish the information provided in their Distribution Annual Planning Report.

Consequences of the final rule change include:

- for DNSPs, additional information will need to be provided to AEMO for the purposes of informing the ISP and demand-side factors statement. By 19 December 2025, AEMO will publish guidelines clarifying the data sets required, as well as relevant deadlines. AEMO is required to use information from publicly available sources, where available, to minimise this burden.
- for all other relevant stakeholders, more accurate and transparent forecasts will be provided in the 2026 ISP, which will include a demand-side factors statement.

[READ MORE HERE.](#)

Rule name	Better integrating gas and community sentiment into the ISP
Amending rule	NER 2024 No.25

Date of final determination 19 December 2024

Commencement Date 19 December 2024

Summary of request

The final rule seeks to improve the quality and transparency of the gas market analysis undertaken by AEMO in its modelling for the ISP by requiring AEMO to:

- include gas development projections in the ISP, such as projections pertaining to price, availability, demand and the capacity and utilisation of gas facilities, for example, the Gas Statement of Opportunities (*GSOO*) and Gas Bulletin Board (*GBB*); and
- explain the inputs, assumptions and scenarios underpinning those projections and, where applicable, how they differ from existing gas publications.

The final rule authorises AEMO to access, use and disclose information collected under the NGR to satisfy its national transmission planner functions, including when developing, modelling and publishing the ISP. It limits the disclosure of gas industry information where it will reveal the organisation or entity to which the information pertains or where, when combined or arranged with other information, will evince the information's confidential aspects.

In accordance with the draft determination, the final rule does not [mandate the integration of](#) community sentiment into the ISP because the AEMC deemed the NER to be sufficiently flexible to enable this to occur (for example, under clauses 5.22.10(a)(5) and 5.14.4 of the NER).

Recognising that the expanded gas analysis in the ISP may necessitate changes to existing guidelines, such as AER's Forecasting Best Practice guidelines and AER's Cost and Benefit guidelines, and subordinate instruments, the final rule obliges AEMO and AER to examine and update these documents to reflect the rule amendments (to be undertaken within the next year).

[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 nominate 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	Cyber security roles and responsibilities
Amending rule	NER 2024 No.23
Date of final determination	12 December 2024
Commencement Date	12 December 2024

Summary of request

The final rule clarifies and enhances the cyber security roles and responsibilities of AEMO to improve cyber security preparedness. The AEMC agreed with the two shortcomings of the existing rules identified by the proponents of the rule change request: (1) the NER does not explicitly consider cyber security as it relates to power system security and (2) it does not clearly define AEMO's role in bolstering cyber security.

Cyber security is now explicitly included in the NER as an aspect of AEMO's mandate to improve power system security. The final rule also includes four new functions for AEMO that focus on preventing cyber incidents and preparing the industry to respond if an incident does occur, including:

- **(cyber security incident coordinator)** planning and coordinating a NEM-wide response to any cyber incidents impacting the energy sector. This includes developing and implementing the Australian Energy Sector Cyber Incident Response Plan (**AESCIRP**);
- **(supporting cyber preparedness)** updating and maintaining the Australian Energy Sector Cyber Security Framework (**AESCSF**), organising testing and training exercises, and providing industry guidance and advice;
- **(examining cyber risks)** as system operator, providing cyber security research and advice to governments upon request, alongside other cyber security bodies; and
- **(distributing information)** circulating critical cyber security information among market participants, including warnings of vulnerabilities, AESCSF assessment conclusions, post-incident reports and preventative patches.

The cost of these additional functions is estimated to be less than \$10 million per year ongoing. The consultation paper and draft determination had indicated this would equate to an approximate increase in the total amount of participant fees by 2 per cent each year. The final determination indicates that the impact on overall participant fees will not be known until AEMO completes its annual budget and fees consultation process in early 2025. AEMO will be immune from liability for the delivery of these services save for in circumstances of bad faith or negligence.

[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) 09 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	Rescheduling the generator compliance programs review
Amending rule	NER 2024 No.21
Date of final determination	28 November 2024
Commencement Date	5 December 2024

Summary of request

The final rule defers the AEMC Reliability Panel's (the *Panel*) review of the template for generator compliance programs by 12 months to 19 December 2025.

The rule will allow the Panel more time to consider potential changes to the technical access standards in the NER under the following rule changes:

- **(improving the NEM access standards – Package 1)** substantive changes to access standards for generators, integrated resource systems, synchronous condensers and high-voltage direct current links, including by revising the application of access standards to apply by plant type rather than registration category; and
- **(improving the NEM access standards – Package 2)** amendments to the obligations that apply to loads, including measures to clarify what constitutes a credible contingency event and to manage the risk posed by large load connections.

These changes are particularly relevant to the template for generator compliance, as the template will provide guidance on compliance with access standards under the NER. The revised timing for the Reliability Panel's review will follow a decision on Package 1, and with sufficient information about Package 2, so as to avoid unnecessary consultation with stakeholders.

As the AEMC considered this request to be non-controversial, the rule change request process was expedited and the final determination was made on 28 November 2024.

[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.](#)

Other rules not yet commenced

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)
	1 July 2027 (Schedule 3)

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)

31 July 2025 (Schedule 1)

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 November 2024)

There have been no new rule change requests since the last update.

Existing rule change requests

There are no existing rule change requests at the time of update.

Completed rule changes

Final rule determinations (since last update, 1 November 2024)

Rule name	Better integrating gas and community sentiment into the ISP (Gas)
Amending rule	NGR 2022 No. 7
Date of final determination	19 December 2024
Commencement date	19 December 2024

Summary of request

Please refer to the summary of the final rule (above) in relation to the NER.

[READ MORE HERE.](#)

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
DNSP	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

Contacts



Kate Axup
Partner, Melbourne

T +61 3 9613 8449
Kate.Axup@allens.com.au



Andrew Mansour
Partner, Sydney

T +61 2 9230 4552
Andrew.Mansour@allens.com.au



Jodi Reinmuth
Partner, Perth

T +61 8 9488 3702
Jodi.Reinmuth@allens.com.au



Melissa Keane
Partner, Melbourne

T +61 3 9613 8806
Melissa.Keane@allens.com.au



Karla Drinkwater
Partner, Brisbane

T +61 7 3334 3337
Karla.Drinkwater@allens.com.au



Louis Chiam
Partner, Melbourne

T +61 3 9613 8867
Louis.Chiam@allens.com.au



Danielle Jones
Partner, Sydney

T +61 2 9230 4309
Danielle.Jones@allens.com.au



Skye Kirby
Managing Associate, Melbourne

T +61 3 9613 8883
Skye.Kirby@allens.com.au

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