



National Electricity and Gas Rules

Update 2025

Introduction

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

National Energy Retail Rules

Since 1 July 2012, the AEMC has held the role of rule maker for the Australian retail energy markets. This includes the power to amend the NERR that are part of the National Energy Customer Framework (the *NECF*). The NECF has commenced in South Australia, New South Wales, Queensland, Tasmania and the Australian Capital Territory. Victoria has implemented the NECF in so far as it applies to Chapter 5A of the NERR. Western Australia and the Northern Territory do not propose to implement the NECF. The AEMC may amend the NERR independently to, or in conjunction with, amendments to the NER.

The NER

New draft determinations Including distribution network resilience in the NER

The NERR

New rule change requests Improving the ability to switch to a better offer; Improving the application of concessions to bills

The NGR

There have been no new rule change requests, draft determinations or completed rule changes.

Opportunities for stakeholders

Due by	Opportunities for submissions
6 March 2025	Improving the ability to switch to a better offer; Improving the application of concessions to bills
27 March 2025	Including distribution network resilience in the NER

Energy reform

AER publishes revised TNSP ring-fencing guidelines

On 24 February 2025, the AER published version 5 of the TNSP ring-fencing guidelines with an accompanying explanatory statement. The amendments to the guidelines are primarily for the purpose of extending the existing ring-fencing obligations to apply to the provision of negotiated services by transmission network service providers (in addition to prescribed services) and to update TNSP reporting requirements to reflect this broader scope.

The ring-fencing guidelines aim to ensure that contestable markets for transmission infrastructure remain competitive, efficient and innovative by preventing a TNSP using its position as a monopoly provider of prescribed transmission services to discriminate in favour of itself or a related entity.

The AER has changed the guidelines with the aim to address potential discrimination by TNSPs in the provision of negotiated transmission services. The changes include:

- **(non-discrimination in negotiated services)** clause 4.1 has been amended to prevent TNSPs from discriminating between related electricity service providers and their competitors in the performance of prescribed services and negotiated services;
- **(information access in negotiated services)** information access and disclosure requirements will now include all information obtained by a TNSP in the performance of negotiated services; and
- **(reporting requirements in negotiated services)** the guidelines will require TNSPs to report on the total number of connection applications, the proportion of those applications that include the provision of contestable electricity services solely by a related electricity service provider of the TNSP, and the average time between initial receipt of the application for connection and the commissioning of the connection.

In terms of the transitional arrangements, TNSPs are expected to comply with version 5 of the Guidelines by no later than 24 August 2025. However, the preexisting guidelines have been grandfathered with the effect that for any connection application received by a TNSP before that date (and any agreement entered into by the TNSP for that connection), version 4 of the guideline is preserved and will continue to apply to that connection process.

[READ MORE HERE.](#)

National Electricity Rules and National Energy Retail Rules

Rule change requests

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

Rule name	Improving the ability to switch to a better offer
Proponent	The Honourable Chris Bowen, Minister for Climate Change and Energy
Key dates	Initiation date : 6 February 2025 Deadline for submissions : Deadline passed (6 March 2025)
Stage	Consultation on consultation paper

Summary of request

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

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

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

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

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

[READ MORE HERE.](#)

Rule name	Improving the application of concessions to bills
Proponent	The Honourable Chris Bowen, Minister for Climate Change and Energy
Key dates	Initiation date : 6 February 2025 Deadline for submissions : Deadline passed (6 March 2025)
Stage	Consultation on consultation paper

Summary of request

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

The rule change request would require retailers to proactively seek information from consumers in relation to their eligibility for various concessions and rebate schemes when signing up (in addition to retailers' existing obligations to provide residential customers with information about those schemes). Similar obligations would also apply to existing customers. In addition, the request proposes an 'information transfer obligation' that would require retailers to transfer information when a consumer switches retailers, ensuring consumers reapply for concessions and rebates.

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

The AEMC's consultation paper seeks feedback on:

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

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

[READ MORE HERE.](#)

Existing rule change requests

Rule name	Removing the requirement to publish transmission information guidelines
Proponent	AER
Key dates	Initiation date : 30 January 2025 Deadline for submissions : Deadline passed (27 February 2025)
Stage	Preparation of final determination

Summary of request

This rule change request seeks to remove the obligation on the AER to publish Electricity Transmission Information Guidelines (*Information Guidelines*) and the requirement for TNSPs to report to the AER in accordance with the Information Guidelines.

From 1 April 2025, the AER will have new information-gathering powers by using Annual Information Orders (*Orders*). The AER considers that these will impose duplicative reporting obligations on TNSPs and regulated interconnectors by virtue of the existing Information Guidelines. The AER considers the Orders to be a more productive and streamlined process, particularly as they supersede any requirements imposed by the Information Guidelines; however, the AER is unable to remove the reporting obligations from TNSPs because this obligation sits within the NER.

Submissions on the consultation paper were due by 27 February 2025. The AEMC will publish a final determination on 27 March 2025.

[READ MORE HERE.](#)

Rule name	Amendment to frequency performance payment cost recovery
Proponent	AEMO
Key dates	Initiation date : 16 January 2025 Deadline for submissions : Deadline passed (13 February 2025)
Stage	Preparation of final determination

Summary of request

This rule change request seeks to amend definitions relating to the new frequency performance payments (*FPP*) (set to commence from 8 June 2025). Under the new FPP process, certain costs are allocated to participants that do not have appropriate metering, to measure their individual impact on power system frequency (referred to collectively as the 'residual'). The proposed rule change seeks to clarify that costs allocated to the 'residual' be spread evenly across all participants within that group, prorated against the sum of energy sent out and energy consumed.

The proponent anticipates that the proposed amendment removes the potential for sent-out and consumed energy to net out, and therefore will remove the potential for participants in the residual to avoid their share of non-energy costs. AEMO, the rule change proponent, has indicated that the change will ultimately simplify the process, and therefore allow for the cheaper implementation of the FPP process.

The AEMC has agreed with the proponent's position that this is a non-controversial rule change and is therefore proposing to use the expedited rule-making process. The time for objections to using the expedited process has passed (30 January 2025).

Submissions on the consultation paper were due by 16 February 2025. The AEMC will publish a final determination on 13 March 2025.

[READ MORE HERE.](#)

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	Preparation of draft determination

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 will 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	Preparation of draft determination

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 will 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	Preparation of draft determination

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 will 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	Preparation of draft determination

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 will 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	Preparation of draft determination

Summary of request

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

The 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 will publish a draft determination on 27 March 2025.

[READ MORE HERE.](#)

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

Summary of request

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

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

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

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

The indicative commencement date for the draft rule 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 was issued for consultation without a consultation paper. Submissions on the draft determination were due by 30 January 2025.

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

[READ MORE HERE.](#)

Rule name	Real-time data for consumers
Proponent	Energy Consumers Australia
Key dates	Initiation date : 10 October 2024 Deadline for submissions : Deadline passed (20 February 2025)
Stage	Preparation of final determination

Summary of request

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

- **(definition of 'real-time')** defining 'real-time data' as instantaneous data or data received within no more than 5 minutes (subject to review as technology improves). This proposal aligns with the market settlement period and ensures that the data is useful for informing consumer energy consumption decisions;
- **(data sharing arrangements)** requiring all new smart meters to have locally-accessible communications ports that are unsealed and accessible to approved parties;
- **(costs associated with access)** spreading the cost of providing access across all consumers through retail bills;

- **(real-time data interoperability)** changes to minimum service specification requirements to permit open standards-based protocols and communications interfaces for read-only data, in light of the interoperability provisions in the EU Data Act. This will ensure real-time data is clear and readily accessible across different systems, devices and apps; and
- **(privacy and cyber security safeguards)** classifying 'real time data' as confidential information and considering whether changes are required to the NER / NERR to improve privacy and cyber security protections in respect of that data. This could include new responsibilities on authorised representatives, stringent consent requirements, password protection, competition restraints on using data in upstream and downstream services and prohibitions on customer exploitation.

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

The Directions Paper further proposes:

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

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

[READ MORE HERE.](#)

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

Summary of request

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

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

The draft rule proposes to:

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

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

Stakeholders are encouraged to provide feedback on the draft determination and rule by 27 March 2025. The AEMC expects to publish its final determination on 8 May 2025.

[READ MORE HERE.](#)

Rule name	Allowing AEMO to accept cash as credit support
Proponent	Delta Electricity
Key dates	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 to make a 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: Deadline passed (30 January 2025)

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'.

Submissions on the draft determination were due 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: Deadline passed (30 January 2025)
Stage	Preparation of final determination

Summary of request

This more preferable draft rule is the result of AEMO's market integration activities for Project EnergyConnect (*PEC*), a new interconnector linking New South Wales and South Australia which will create the first 'inter-regional transmission loop' in the NEM. Inter-regional settlements residue (*IRSR*) refers to the surplus or deficit

in settlement outcomes when electricity flows across jurisdictions with different pricing. IRSR is expected to occur more frequently for PEC due to how energy flows in a transmission loop as opposed to a standard radial interconnector.

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

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

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

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

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

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

The AEMC published its draft determination on 12 December 2024. Submissions on the draft determination were due by 30 January 2025. The AEMC will publish a final determination on 27 March 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 : Deadline passed (6 February 2025)
Stage	Preparation of draft determination

Summary of request

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

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

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

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

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

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

After further stakeholder feedback, the AEMC published a Directions Paper for this rule change request on 12 December 2024. The Directions Paper focuses on evaluating the economic case for the operational procurement of inertia (ie via a spot market), noting that further technical analysis will be required to assess the feasibility of implementing an inertia market. With assistance from HoustonKemp, the AEMC considered whether minimum inertia (the amount required to maintain system security) and additional inertia (extra inertia that may provide operational efficiencies) are well-suited for an operational procurement regime, and whether such a regime would provide enough benefits to justify the change.

The key findings of the Directions Paper are:

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

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

READ MORE [HERE](#).

Completed rule changes

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

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

Other rules not yet commenced

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

Summary of request

This final rule shortens the settlement cycle (the period during which AEMO and market participants settle transactions for the relevant billing period) from 20 business days after the end of a billing period to 9 business days. The final rule differs from both the draft determination (which suggested a settlement period of 11 business days) and the original rule change request (which suggested a settlement period of 10 business days) in response to stakeholder feedback. The AEMC considers that the 9 day settlement period will provide a range of benefits, including a reduction in the prudential requirements for market participants and the working capital required by market participants to manage hedge exposure, which will in turn lead to lower prices for consumers.

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

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

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

[READ MORE HERE.](#)

Rule name	Accelerating smart meter deployment
Amending rule	NER 2024 No.20 NERR 2024 No.6

Date of final determination 28 November 2024

Commencement Date 5 December 2024 (NER Schedule 4)
1 June 2025 (NERR Schedule 1)
1 December 2025 (NER Schedule 1; NERR Schedules 2 and 3)
31 May 2026 (NER Schedule 3)
1 July 2026 (NER Schedule 2)

Summary of request

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

- **(accelerated deployment of smart meters)** The AEMC considers the deployment of smart meters is a cost-effective decarbonisation strategy, which also reduces the costs of meter reads and metering installations borne by consumers. To achieve the AEMC's objective of universal uptake of smart meters by 2030, the AEMC will implement transitional rules during an 'acceleration phase' from 2025 to 2030, which implements the Legacy Meter Replacement Plan framework. The final rule also obliges retailers to achieve the 2030 target and to report on their progress to the AER, which will be monitoring compliance.
- **(access to power quality data)** This second component involves an expansion of the consumer data access and control requirements in the NER and NERR to allow local DNSPs, the AER and AEMO to access 'basic power quality data' (as defined in the final rule) at no cost. It is intended to assist DNSPs to maximise CER hosting capacity, reduce line losses and minimise costs within the distribution network.

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

[READ MORE HERE.](#)

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

Summary of request

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

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

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

The key points to note are:

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

[READ MORE HERE.](#)

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

Summary of request

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

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

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

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

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

[READ MORE HERE.](#)

Rule name	Unlocking CER benefits through flexible trading (Electricity and Retail)
Amending rule	NER 2024 No. 15; NERR 2024 No. 4
Date of final determination	15 August 2024
Commencement Date	29 August 2024 (NER Schedules 1 and 6; NERR Schedule 3) 31 May 2025 (NER Schedule 2) 1 November 2026 (NER Schedules 3, 4 and 5; NERR Schedules 1 and 2)

Summary of request

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

The rules have three key elements:

- enabling large customers to select multiple energy service providers for their premises, without using the embedded network framework or establishing multiple connection points to the distribution network in order to obtain a second National Metering Identifier;

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

[READ MORE HERE.](#)

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

Summary of request

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

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

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

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

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

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

[READ MORE HERE.](#)

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

Details

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

Specifically, the final rule:

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

[READ MORE HERE.](#)

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

Details

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

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

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

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

[READ MORE HERE.](#)

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

Details

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

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

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

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

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

[READ MORE HERE.](#)

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

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 February 2025)

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

Other rules not yet commenced

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

Details

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

Under the final rule, AEMO will act as:

1. Buyer of last resort:

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

2. Supplier of last resort:

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

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

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

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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

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