

National Electricity and Gas Rules Update 2024

February 2024 | Rule changes as at 1 March 2024

National Electricity Rules

<i>New rule change requests</i>	1	<i>Shortening the settlement cycle</i>
<i>New draft determinations</i>	2	<i>Expanding the transmission ring-fencing framework; Unlocking CER benefits through flexible trading (electricity and retail)</i>
<i>Completed rule changes</i>	1	<i>Calculation of system strength quantity</i>

National Energy Retail Rules

<i>New draft determinations</i>	1	<i>Unlocking CER benefits through flexible trading (electricity and retail)</i>
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National Gas Rules

No new requests, draft determinations or final determinations

Opportunities for stakeholders

<i>Due by</i>	<i>Opportunities for submissions</i>
<i>4 April 2024</i>	<i>Shortening the settlement cycle; Expanding the transmission ring-fencing framework</i>
<i>11 April 2024</i>	<i>Unlocking CER benefits through flexible trading (electricity and retail)</i>

Energy reform

AEMC modelling reveals billions in potential savings through integrating virtual power plants

On 15 February 2024, the AEMC published modelling results which reveal that efficiently integrating price-responsive resources, including virtual power plants (VPPs), into the National Electricity Market (NEM) could contribute \$1.5 to \$1.9 billion dollars (net present value) of cost savings between 2025 and 2050. This modelling was undertaken as part of AEMO's *Integrating price-responsive resources into the NEM* rule change request, to understand the value of the potential benefits flowing from the implementation of this proposed rule change which seeks to improve the way that these resources are integrated into the NEM.

Consumer energy resources (CER), which includes technologies such as batteries, rooftop solar, electric vehicles and home energy management systems, will play a critical role in the energy transition. Given the uptick in CER in recent years, energy companies are increasingly looking to aggregate these distributed assets to form VPPs and to actively participate in the wholesale electricity market in a coordinated way.

AEMO's rule change request seeks to integrate CER into the NEM's planning and operation functions, so that AEMO has greater visibility over the energy demand that is required to be met across the market and the full potential of these resources can be realised.

The cost reductions identified through the modelling may arise from lower generation costs, reduced emissions and decreased reliance on additional resources and emergency supplies to correct fluctuations in the system. AEMO also considers that the proposed rule change request will lead to positive price outcomes for consumers, with increased competition in the market and more efficient network and wholesale market services.

The next step in the rule change process will be for the AEMC to engage with stakeholders and technical working groups to progress the detailed design for integrating CER into the NEM. Following this engagement, the AEMC will publish its draft determination, which is expected to occur in the second half of this year.

You can read more [here](#) and [here](#).

Introduction

The document lists all rule change requests for the NER and NERR (section 1) and the NGR (section 2), currently under consideration by the AEMC. The status of each proposed Rule is regularly updated on the AEMC website and this document is amended on a monthly basis to reflect those changes.

National Energy Retail Rules

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

Glossary

In this document the following definitions apply:

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



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National Electricity Rules

Rule change requests

Rule name	Proponent	Initiation date	Stage	Deadline for submissions	Summary of request
New rule change requests (since last update 1 February 2024)					
Shortening the settlement cycle	Globird Energy Pty Ltd	22 February 2024	Consultation on consultation paper	4 April 2024	<p>This rule change request seeks to amend the NER to shorten 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 10 business days.</p> <p>Globird Energy considers that a shorter settlement cycle will:</p> <ul style="list-style-type: none"> • lower credit support requirements for market participants, and therefore the costs imposed on market participants pursuant to the prudential regime; • reduce the impact of Call Notices from AEMO, by potentially decreasing the working capital held by market participants to respond to Call Notices; and • have flow-on benefits for: <ul style="list-style-type: none"> ○ retailers, by freeing up working capital, supporting investment in service offering improvements, minimising barriers to enter the market and lowering the risk of retailer failure; and ○ consumers, through access to better service offerings, increased competition and a lower risk of customer disruption as a result of retailer failures. <p>The AEMC expects to publish a draft determination on 13 June 2024.</p> <p>Read more here.</p>
Existing rule change requests (since last update 1 February 2024)					
Resetting Powerlink's system strength unit prices	Powerlink Queensland	18 January 2024	Preparation of final determination	Deadline passed (15 February 2024)	<p>Powerlink, as the system strength service provider for the Queensland region, is seeking a participant derogation from the NER to reset its system strength unit prices (SSUPs), which are a component of the system strength charge.</p> <p>Currently, the NER requires that SSUPs are fixed for each 5-year system strength charging period (SSCP) (subject to indexation), and does not allow for SSUPs to be changed during an SSCP.</p>

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					<p>Powerlink published its current SSUPs in March 2023, based on the information available to it at that time. However, Powerlink now expects its costs to procure system strength to be substantially lower than those used to calculate the current SSUPs, mainly as a result of changes in the potential mix of system strength technologies in the future. Given Powerlink's current SSCP expires on 30 June 2028, Powerlink is proposing to publish revised SSUPs to apply from 1 July 2024 for the remainder of its current SSCP, to more accurately reflect its system strength costs.</p> <p>The AEMC is progressing this rule change request under the expedited rule change process, and expects to publish a final determination on 14 March 2024.</p> <p>Read more here.</p>
Expanding the transmission ring-fencing framework	AER	18 January 2024	Consultation on draft determination	4 April 2024	<p>Following its review of the transmission ring-fencing arrangements in 2022-23, the AER is seeking to expand the transmission ring-fencing framework to cover negotiated transmission services, in addition to prescribed transmission services.</p> <p>By bringing negotiated transmission services within the ambit of the framework, this would allow the AER to update the Transmission Ring-fencing Guideline (the Guideline) to govern the behaviour of TNSPs in relation to negotiated transmission services, and give the AER the power to impose ring-fencing measures on those services (although the specific measures to be implemented would need to be considered as part of a review of the Guideline).</p> <p>Currently, negotiated transmission services (which are provided on an exclusive basis by TNSPs, and the most common of which is the non-contestable component of connections) are not subject to the transmission ring-fencing framework.</p> <p>The AER considers that:</p> <ul style="list-style-type: none"> • there is the potential for TNSPs to discriminate in favour of themselves or related entities when providing contestable connection services (which are non-regulated transmission services), given their monopoly in providing the non-contestable components of a connection; and • even this potential to discriminate can deter competition in the market for contestable services.

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					<p>Importantly, Tier 1 civil penalties were introduced for breaches of the Guideline in July 2023. Also, the AER is proposing that, if made, the rule would come into effect immediately and require the AER to undertake a review of the Guideline within 18 months.</p> <p>On 22 February 2024, the AEMC published a draft determination and more preferable draft rule seeking to close the gap in the existing regulatory framework with respect to non-contestable connection services. Specifically, the draft rule gives the AER the power to impose obligations on TNSPs, through the Guideline, to ring-fence their negotiated transmission services from other services, and clarifies that the AER has flexibility when deciding whether to exclude specific categories of negotiated transmission services from those ring-fencing obligations.</p> <p>The AEMC is holding an online forum on 18 March 2024 in relation to the draft rule determination. Registrations are open here.</p> <p>The AEMC is progressing this rule change request under the expedited rule change process, and expects to publish a final determination on 16 May 2024.</p> <p>Read more here.</p>
Improving the workability of the feedback loop	The Honourable Chris Bowen, Minister for Climate Change and Energy	16 November 2023	Preparation of final determination	Deadline passed (25 January 2024)	<p>This rule change request adopts the recommendations in the AEMC's final report for Stage 2 of the Transmission Planning and Investment Review, and seeks to improve AEMO's feedback loop assessment by ensuring the process is workable and remains fit for purpose.</p> <p>The feedback loop assessment acts as a consumer safeguard, and requires that, after completing a RIT-T, TNSPs seek confirmation from AEMO that their preferred RIT-T option aligns with the optimal development path (ODP) set out in the most recent Integrated System Plan (ISP), and that the costs of the preferred option do not alter the status of the actionable ISP project as part of the ODP.</p> <p>The feedback loop is assessed against the current ODP (in the most recent ISP) rather than future ODPs. This is different from the RIT-T process, which uses AEMO's Inputs, Assumptions and Scenarios Report that will underpin the future ODP in the next ISP. This creates challenges given that current and future ODPs are likely to have different underlying inputs, assumptions and scenarios.</p>

Rule name	Proponent	Initiation date	Stage	Deadline for submissions	Summary of request
					<p>On 7 December 2023, the AEMC published a draft determination and more preferable draft rule, which largely reflects the key amendments proposed in the original rule change request. If made, the draft rule would:</p> <ul style="list-style-type: none"> enable the feedback loop to be assessed against the most recent ODP in a draft or final ISP; allow TNSPs to carry out feedback loop assessment and Contingent Project Application processes concurrently; require AEMO to complete the assessment within 40 business days from the later of the request date or the date that additional information is received (with a power to extend by 60 business days if required); and require the AER to vary its Cost Benefit Analysis guidelines to provide guidance on the timing of feedback loop assessment requests. <p>If made, the final rule is proposed to commence on 15 March 2024.</p> <p>Read more here.</p>
Enhancing investment certainty in the R1 process	Clean Energy Council	17 August 2023	Preparation of draft determination	Deadline passed (28 September 2023)	<p>Following the collaboration of various stakeholders (including NSPs, generators and AEMO) through the Connections Reform Initiative, the Clean Energy Council has submitted a rule change request in relation to the R1 process, being the registration and connection assessment processes that occur between the execution of a connecting generator's connection agreement and its market registration.</p> <p>Specifically, the request seeks to:</p> <ul style="list-style-type: none"> provide increased certainty in relation to how AEMO and NSPs assess and approve detailed designs and modelling packages during the R1 process; manage system security risks identified during the R1 process, by efficiently allocating risks and costs between generators and NSPs; ensure generators, NSPs and AEMO engage in a facilitated review, and robust dispute resolution processes are in place, to manage complex issues; and in response to issues identified during the R1 process, incentivise NSPs to invest in broader efficient system security solutions (where that would result in lower costs than if individual generators were to implement solutions). <p>As part of its request, the Clean Energy Council has proposed that:</p>

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					<ul style="list-style-type: none"> project proponents should be able to receive conditional approval without resolving all issues identified during the R1 process (subject to satisfying AEMO and the NSP that there is a clear plan for the resolution of those issues); and new 'Type' categories be introduced during the R1 process (to be proposed by the applicant and agreed or rejected by the NSP in consultation with AEMO), to provide applicants with different pathways to registration based on the materiality of issues. Each of these pathways would be subject to different parameters. <p>The AEMC expects to publish a draft determination on 7 March 2024.</p> <p>Read more here.</p>
Integrating price-responsive resources into the NEM	AEMO	3 August 2023	Preparation of draft determination	Deadline passed (14 September 2023)	<p>AEMO's rule change request is part of a series of reforms being progressed to better integrate consumer energy resources (CER) into the NEM, to enable the benefits of CER to be realised for consumers. This request proposes a voluntary mechanism, with participation encouraged through incentives, to 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.</p> <p>Currently these types of resources are not fully integrated into the NEM's planning and operation functions, and are therefore not adequately accounted for when determining the level of energy demand, how demand should be met and the price for energy.</p> <p>AEMO's view is that more efficient integration of CER into AEMO's system planning and management functions would:</p> <ul style="list-style-type: none"> improve AEMO's demand forecasting and as a result, decrease the level of resources that AEMO needs to dispatch to meet demand and improve network planning and investment activities reducing network costs for consumers; reduce spot prices through better alignment of supply and demand; reduce the need for expensive generation reserves to correct the market, achieving system security at a lower cost; and lower the cost of AEMO interventions. <p>On 14 December 2023, the AEMC published an update paper, which outlines its next steps in the first half of 2024 to progress this request towards a draft rule. In particular, the AEMC:</p>

Rule name	Proponent	Initiation date	Stage	Deadline for submissions	Summary of request
					<ul style="list-style-type: none"> is conducting further modelling following consultation with stakeholders, to highlight the benefits of integrating price-responsive resources into the NEM. The modelling results published by the AEMC on 15 February 2024 indicate that there could be up to \$1.5-1.9 billion in potential cost reductions between 2025 and 2050 if price-responsive resources were integrated into the NEM; has provided a high-level design of an alternative approach to provide visibility of the responsiveness of CER, as compared to the 'visibility mode' proposed by AEMO, and intends to investigate this option further; and will be holding technical working groups between February and April 2024, focusing on key design features such as dispatch and participation incentives. <p>The AEMC expects to publish a draft determination on 25 July 2024.</p> <p>Read more here.</p>
Clarifying mandatory primary frequency response obligations for bi-directional plant	AEMO	3 August 2023	Preparation of final determination	Deadline passed (25 January 2024)	<p>AEMO's rule change request is intended to address the concern that existing mandatory primary frequency response (PFR) and PFR incentive arrangements may not be sufficient to support frequency control of the power system in the long-term.</p> <p>On 30 November 2023, the AEMC released a more preferable draft rule to amend the mandatory PFR obligations for scheduled bidirectional units (ie batteries with a capacity of at least 5MW). The draft rule requires scheduled bidirectional units to provide PFR when they receive a dispatch instruction to:</p> <ul style="list-style-type: none"> generate electricity; charge (except when solely powering auxiliary loads); and provide a regulation service. <p>The draft rule does not require batteries to provide PFR when idle or when enabled solely for contingency FCAS, although battery owners can choose to provide PFR in these circumstances.</p> <p>Read more here.</p>
Accommodating financeability in the regulatory framework	The Honourable Chris Bowen, Minister for Climate Change and Energy and	8 June 2023	Preparation of final determination	Deadline passed (8 February 2024)	<p>This rule change request seeks to address issues likely to arise in the future, which would affect the ability of TNSPs to efficiently raise capital to finance actionable Integrated System Plan (ISP) projects, and have a substantial impact on the timely and efficient delivery of major transmission projects.</p>

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	Energy Networks Australia				<p>One of the key issues for actionable ISP projects is that the structure of the regulatory depreciation revenue building block (straight line depreciation less forecasted indexation of capital) means that cash flows are usually reduced early on in the life of those projects. In order to combat this challenge, and based on the AEMC's recommendation following its Transmission Planning and Investment Review, the rule change request proposes to create more flexibility in the NER revenue setting framework by allowing the depreciation profile of assets comprising actionable ISP projects to be varied, upon request by TNSPs.</p> <p>On 14 December 2023, the AEMC published a draft determination and more preferable draft rule, which:</p> <ul style="list-style-type: none"> allows TNSPs to apply to the AER for a financeability assessment concurrently with a request to amend its revenue determination for an ISP project. TNSPs can apply from the commencement date of the final rule, if made (29 March 2024); if a request is made by a TNSP, requires the AER to apply a financeability test to assess whether that TNSP has a financeability issue. This test is based on a financeability threshold (ie the benchmark credit rating in the applicable rate of return instrument) and considers whether the TNSP's financeability position drops below that threshold, or deteriorates, as a result of the ISP project; and requires the AER to publish Financeability Guidelines, setting out how it will determine a TNSP's financeability position. <p>Where the AER assesses that a TNSP has a financeability issue, the AER will be required to adjust that TNSP's cashflows to prevent its financeability position from deteriorating as a result of an ISP project. The AER could implement this adjustment using a few methods, including by depreciating the assets comprising an ISP project using a profile it considers appropriate.</p> <p>The draft rule also applies additional rules (in some circumstances) to TNSPs that have received concessional finance, to prevent those TNSPs from benefiting from both concessional finance and cashflow adjustments, unless agreed to by the government funding body.</p> <p>Read more here.</p>

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Sharing concessional finance benefits with consumers	The Honourable Chris Bowen, Minister for Climate Change and Energy	8 June 2023	Preparation of final determination	Deadline passed (8 February 2024)	<p>This rule change request proposes to amend the NER to include a method for sharing the benefits of concessional financing of transmission infrastructure between consumers and TNSPs. The regulatory framework does not currently recognise or facilitate the pass through of concessional finance benefits to consumers (those benefits currently flow to TNSPs).</p> <p>This rule change was proposed in the context of the Commonwealth Government's \$20 billion Rewiring the Nation Fund and in response to the AEMC's Stage 3 Draft Report of the Transmission Planning Investment Review.</p> <p>On 14 December 2023, the AEMC published a draft determination and more preferable draft rule, the key change from the original request being that the rule has been expanded to capture both DNSPs and TNSPs.</p> <p>Where a Government funding body (GFB) and NSP agree to share the benefits of concessional finance with consumers, the draft rule:</p> <ul style="list-style-type: none"> allows the GFB and NSP to decide the mechanism through which those benefits will be shared with consumers (ie by adjusting the NSP's regulatory asset base or its maximum allowable revenue, or both); requires an NSP to notify the AER where it has reached an agreement with a GFB to share concessional finance benefits with consumers; requires the AER to pass on concessional finance benefits to consumers in line with the methodology agreed by the GFB and NSP. The methodology (including the agreed value and mechanism) will be set out in an agreement signed by both the GFB and NSP; and clarifies how concessional finance benefits are to be treated in the economic assessment of project options during the development of an Integrated System Plan and Regulatory Investment Tests. <p>The AEMC expects to publish a final determination on 21 March 2024.</p> <p>Read more here.</p>
Efficient provision of inertia	Australian Energy Council	2 March 2023	Preparation of directions paper	Deadline passed (31 March 2023)	<p>The AEC's rule change request proposes to introduce an inertia spot market in 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</p>

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					<p>NEM. The AEC's view is that the existing framework for managing and procuring system inertia is inefficient and no longer fit for purpose.</p> <p>The AEC's proposed design, which largely aligns with the design of existing FCAS markets, has the following features:</p> <ul style="list-style-type: none"> • 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. <p>In the consultation paper, the AEMC proposes alternative options to the AEC's proposed design, which are as follows:</p> <ul style="list-style-type: none"> • (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. • Maintain the existing framework until further technical work is undertaken, to better understand the long-term requirements of the power system with respect to inertia. <p>The AEMC has announced that it is currently considering improvements to the existing inertia framework through the <i>Improving security frameworks for the energy transition</i> rule change. The AEMC will therefore focus on completing the <i>Improving</i></p>

Rule name	Proponent	Initiation date	Stage	Deadline for submissions	Summary of request
					<p><i>security frameworks for the energy transition</i> rule change before considering more complex options under this rule change.</p> <p>The AEMC expects to publish a directions paper by November 2024 and a draft determination by 27 June 2025.</p> <p>Read more here.</p>
Unlocking CER benefits through flexible trading (electricity and retail)	AEMO	8 December 2022	Consultation on draft determination	11 April 2024	<p>This rule change request builds on the ESB's post-2025 market design recommendations, and proposes new arrangements to promote a flexible trading market for consumer energy resources (CER), such as rooftop solar, batteries and electric vehicle chargers. Specifically, AEMO seeks to encourage consumers to optimise the value of their CER by allowing them to contract on different terms (including price) with multiple financially responsible market participants (FRMP) 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).</p> <p>While it is currently possible for consumers to contract their CER on an individual basis by establishing multiple connection points, AEMO's view is that existing network policies and the time, costs and impracticality of establishing new connections for CER operate as a significant disincentive for consumers to deal with their CER in this way.</p> <p>On 29 February 2024, the AEMC published a draft determination and more preferable draft rule, which seeks to improve the ability to flexibly trade CER by:</p> <ul style="list-style-type: none"> 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 agent 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.

Rule name	Proponent	Initiation date	Stage	Deadline for submissions	Summary of request
					<p>As a result, the draft rule creates opportunities for flexible CER to be deployed in the power system, and in turn, allows households and businesses that own CER assets to realise value from those assets.</p> <p>The AEMC expects to publish a final determination on 11 July 2024.</p> <p>Read more here.</p>
Improving security frameworks for the energy transition	Hydro Tasmania Delta Electricity	2 July 2020	Preparation of final determination	Deadline passed (1 February 2024)	<p>Hydro Tasmania's rule change request seeks to create a market for 'synchronous services', including inertia, voltage control and fault level/system strength, and to integrate the dispatch of a 'synchronous service' with the existing energy and FCAS spot markets. It proposes to do this by changing the formulation of the constraints that are applied to the NEM dispatch engine, in order to allow the dispatch engine to find the lowest overall cost combination of synchronous services and non-synchronous generation.</p> <p>Delta Electricity's rule change request seeks to introduce an ex-ante, day ahead capacity commitment mechanism that would operate outside of the spot market, and would involve payments to generators to provide access to operational reserves and other required system security or reliability services. The proposed capacity commitment mechanism would provide a payment to keep non-peaking dispatchable generators online at their minimum safe operating level should they be needed for system security and reliability purposes based on AEMO forecasts during the pre-dispatch process.</p> <p>On 21 September 2022, the AEMC published a draft determination and a more preferable draft rule. The draft rule proposed to establish an operational security mechanism (OSM) to enable the procurement, scheduling and dispatch of essential security services that are not already procured through a market, to occur alongside existing energy and FCAS markets. It was intended that the OSM would reduce reliance on AEMO's directions power, and allow that power to be used only as a backstop arrangement.</p> <p>However, on 24 August 2023, following its 25 May 2023 announcement that it would not implement an OSM and would instead adopt a different approach to that proposed in the draft determination, the AEMC published a directions paper outlining its new proposed system improvements. The paper proposes more immediate, simple and</p>

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					<p>flexible solutions to providing security services that build on existing frameworks, including to:</p> <ul style="list-style-type: none"> align the current inertia and system strength arrangements, by introducing a NEM-wide inertia floor, aligning procurement timeframes and removing restrictions on the procurement of synthetic inertia; allow the procurement of inertia network services and system strength through the network support and control ancillary services framework; create a new transitional non-market ancillary services framework for AEMO to procure security services that cannot otherwise be procured through existing frameworks; improve transparency in respect of directions, through information in market notices and detailed quarterly reporting; and amend direction compensation arrangements to reflect a benchmark-based framework (rather than the 90th percentile energy price). This framework will be similar to that used during periods of market suspension, and ensure compensation is based on predetermined values that reflect a short-run marginal cost for the relevant technology type. <p>On 14 December 2023, following stakeholder feedback on the directions paper, the AEMC published an update paper proposing amendments to the design of the transitional services framework in the directions paper. In particular, the AEMC is proposing the introduction of:</p> <ul style="list-style-type: none"> two different contract types to reflect the dual aims of the framework: (1) contracts for services that meet the critical and immediate needs of the power system; and (2) trials to manage security in a low or zero emissions power system; and a new requirement for AEMO to publish a transition plan for system security every two years, to provide the market with more information about how AEMO plans to address system security through the energy transition. <p>The AEMC expects to publish a final determination on 28 March 2024.</p> <p>Read more here.</p>
Enhancing reserve information	Iberdrola Australia Limited Delta Electricity	2 July 2020	Preparation of final determination	Deadline passed (8 February 2024)	Iberdrola's rule change request seeks to introduce a dynamic operating reserve market to operate alongside the existing NEM spot and FCAS markets to help respond to unexpected changes in supply and demand. Iberdrola argues that the

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					<p>current NEM design no longer offers sufficient incentives to deliver enough or the right type of reserves to respond to today's contingencies.</p> <p>The proposed operating reserve market comprises a dispatchable, raise-only service procured similar to contingency FCAS services in real-time and co-optimised with the other energy market services.</p> <p>Delta Electricity's rule change request seeks to introduce a 30-minute raise and lower 'ramping' service using the existing framework for FCAS market design to respond to changes in output from variable renewable electricity generators. Delta Electricity suggests a ramping service would address the price volatility that exists when dispatchable generators ramp through their energy bid stacks in response to predictable, daily, high rates of change from solar ramping up and down.</p> <p>On 21 December 2023, the AEMC published a draft determination 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 costs.</p> <p>Instead, the AEMC has made a draft rule that seeks to improve existing arrangements, and the transparency of energy availability in the NEM, to allow participants to respond to unexpected fluctuations in supply and demand, when reserves are required. Specifically, the draft rule would require the publication of energy availability information in the operational timeframe, including:</p> <ul style="list-style-type: none"> • (state of charge) publishing the energy availability of batteries, aggregated by region, in close to real-time, and also on the following trading day by dispatchable unit identifier; • (daily energy constraints) aggregating by region and publishing daily the combined energy constraints of other scheduled plant types (hydro, gas and coal); and • (maximum storage capacity) requiring storage participants to provide their maximum storage capacity to AEMO in their bid. <p>The AEMC expects to publish a final determination on 21 March 2024.</p> <p>Read more here and here.</p>

Completed rule changes

Rule name	Commencement date	Amending rule	Date of final determination	Details
Final rule determinations (since last update 1 February 2024)				
Calculation of system strength quantity	8 March 2024 (Schedule 2) 1 July 2024 (Schedule 1)	NER 2024 No. 2	29 February 2024	<p>This final rule revises the way the system strength quantity (SSQ) component of the system strength charge (SSC) is calculated under the NER. Currently, the NER requires connection applicants for both new and altered connections to mitigate their system strength impact, by either:</p> <ul style="list-style-type: none"> • paying an SSC to a system strength service provider (usually the local TNSP) for centrally provided system strength services; or • self-remediation, eg installing a grid forming battery or synchronous condenser. <p>The final rule makes these two options largely equivalent, to encourage efficient decision-making by connection applicants in relation to how they mitigate their system strength impact. AEMO identified, through public consultation on its 2023 update to the system strength impact assessment guidelines (SSIAG), that the SSQ overstated the system strength impact for applicants choosing to pay the SSC.</p> <p>Specifically, the final rule:</p> <ul style="list-style-type: none"> • replaces the SSQ calculation with a requirement for AEMO to determine a methodology for calculating the SSQ, as part of the SSIAG; • includes new policy principles in the NER to inform the SSQ methodology developed by AEMO; • clarifies the progression from an indicative to a final SSQ; • sets out transitional arrangements for connection applicants that are part-way through the connection process, and for those who have already chosen to pay the SSC; and • will trigger an update to AEMO's SSIAG, which must occur in consultation with stakeholders. As a starting point, AEMO is proposing a minimum stability coefficient of 1.2 in the SSQ (which is generally equivalent to the system strength impact that underpins the self-remediation option). <p>Read more here.</p>
Other rules not yet commenced				

Rule name	Commencement date	Amending rule	Date of final determination	Details																				
Amendment of the Market Price Cap, Cumulative Price Threshold and Administered Price Cap	1 July 2025 (Schedule 1) 1 July 2026 (Schedule 2) 1 July 2027 (Schedule 3)	NER No. 6	7 December 2023	<p>This final rule amends the Market Price Cap (MPC), Cumulative Price Threshold (CPT) and Administered Price Cap (APC) from 1 July 2025 to 30 June 2028, as follows:</p> <table border="1"> <thead> <tr> <th>Market price setting</th> <th>1 July 2025</th> <th>1 July 2026</th> <th>1 July 2027</th> </tr> </thead> <tbody> <tr> <td>MPC</td> <td>\$18,600/MWh</td> <td>\$20,700/MWh</td> <td>\$22,800/MWh</td> </tr> <tr> <td>CPT</td> <td>\$1,674,000/MWh</td> <td>\$1,987,200/MWh</td> <td>\$2,325,600/MWh</td> </tr> <tr> <td>CPT hours at MPC</td> <td>7.5</td> <td>8</td> <td>8.5</td> </tr> <tr> <td>APC</td> <td>\$600/MWh</td> <td>\$600/MWh</td> <td>\$600/MWh</td> </tr> </tbody> </table> <p>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.</p> <p>Read more here.</p>	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
Market price setting	1 July 2025	1 July 2026	1 July 2027																					
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APC	\$600/MWh	\$600/MWh	\$600/MWh																					
Efficient reactive current access standards for inverter-based resources	27 April 2023 (Schedules 1 and 3) 3 June 2024 (Schedule 2)	NER 2023 No. 1	20 April 2023	<p>This final rule revises the existing minimum reactive current capability access standard, by reducing the reactive current capability that must be provided by inverter-based resources in response to a fault.</p> <p>The final rule:</p> <ul style="list-style-type: none"> lowers the reactive current capability requirement to a level that is greater than zero; requires that reactive current responses commence within 40 milliseconds of a fault; lengthens the rise time requirement from 40 to 80 milliseconds; and removes the settling time requirement. <p>To aid faster connection negotiations between connecting generators, NSPs and AEMO, the final rule also clarifies matters regarding active power recovery and the voltage requirements for reactive current responses.</p> <p>In addition, the final rule includes a new definition of 'maximum continuous current', which provides for maximum continuous current to be determined either at the connection point (based on the reactive current capability agreed through NER</p>																				

Rule name	Commencement date	Amending rule	Date of final determination	Details
				<p>S5.2.5.1) or at the unit terminals, or a point between the unit terminals and the connection point (where the derating level will be agreed with AEMO and the NSP).</p> <p>Read more here.</p>
Amending the administered price cap	17 November 2022 (Schedule 3) 1 December 2022 (Schedule 1) 1 July 2025 (Schedule 2)	NER 2022 No. 11	17 November 2022	<p>This final rule increases the administered price cap (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 administered price period (APP). The APC is designed to limit market participants' financial exposure to spot prices during extended periods of significant price volatility, while also providing adequate spot market revenue to generators to cover their short-term costs and encourage continued dispatch into the market. An APP is triggered when the sum of spot prices in the preceding seven-day period exceeds the Cumulative Price Threshold (CPT), currently \$1,398,100.</p> <p>The AEMC did not make any transitional changes to the CPT as part of this final rule.</p> <p>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.</p> <p>Read more here.</p>
Primary frequency response incentive arrangements	8 September 2022 (Clause 7, Schedules 1, 3 and 4) 8 June 2025 (Schedule 2)	NER 2022 No. 8	8 September 2022	<p>This final rule amends the NER to value the provision of primary frequency response (PFR) by participants in the NEM pursuant to the mandatory PFR requirement, and also to encourage the voluntary provision of additional PFR.</p> <p>Key features of the final rule include:</p> <ul style="list-style-type: none"> Frequency performance payments: a new two-sided frequency performance payments process, whereby market participants who achieve positive contribution factors (ie, behaviour that assists in controlling system frequency) will receive performance payments, and the costs of those performance payments will be borne by market participants with negative contribution factors (ie, behaviour that contributes to deviations in system frequency). This new payments process

Rule name	Commencement date	Amending rule	Date of final determination	Details
				<p>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;</p> <ul style="list-style-type: none"> • 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. <p>Read more here.</p>
Enhancing information on generator availability in MT PASA	18 August 2022 (Schedule 4) 9 October 2023 (Schedule 1) 3 June 2024 (Schedule 2) 31 July 2025 (Schedule 3)	NER 2022 No. 7	18 August 2022	<p>This final rule 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.</p> <p>In addition to the current requirement for generators to indicate their daily MW availability over the medium term (between seven days and 36 months), the final rule requires scheduled generators to provide a generating unit's:</p> <ul style="list-style-type: none"> • unit state in the form of standardised reason codes that explain the availability status of the unit; and • unit recall time (for certain reason codes only), being the expected time to return the unit to full availability under normal conditions after a period of unavailability. <p>This additional information will be collected for the same 36-month period for MT PASA, and 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.</p>

Rule name	Commencement date	Amending rule	Date of final determination	Details
				<p>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.</p> <p>The substantive provisions of the final rule come into effect on 9 October 2023, and the requirements will also apply to scheduled bidirectional units on commencement of the <i>Integrating energy storage systems into the NEM</i> rule in June 2024.</p> <p>Read more here.</p>
AER reporting on market outcomes	19 May 2022 (Schedule 3) 29 September 2022 (Schedule 1) 3 June 2024 (Schedule 2)	NER 2022 No. 5	19 May 2022	<p>This final rule replaces the current prescriptive requirements in the NER with respect to reporting on significant price variations, with a principles-based approach to reporting supported by an AER guideline.</p> <p>Specifically, the final rule:</p> <ul style="list-style-type: none"> removes the current reporting triggers of: <ul style="list-style-type: none"> significant price variations; the 30-minute price exceeding \$5,000/MWh; ACCC/AEMC requests regarding particular market outcomes; and market ancillary service prices significantly exceeding the spot price; replaces those triggers with a general requirement to report on 'significant price outcomes in the spot market and any other market specified in the significant price reporting guidelines' on a quarterly basis; and imposes a requirement on the AER to develop and publish significant price reporting guidelines for monitoring and reporting on significant price outcomes, which includes the criteria for determining significant price outcomes. <p>Read more here.</p>
Updating Short Term PASA	19 May 2022 (Schedule 3) 3 June 2024 (Schedule 2) 31 July 2025 (Schedule 1)	NER 2022 No. 4	5 May 2022	<p>This final rule amends the requirements for AEMO and market participants in relation to short-term projected assessment of system adequacy (ST PASA).</p> <p>In particular, the final rule:</p> <ul style="list-style-type: none"> 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;

Rule name	Commencement date	Amending rule	Date of final determination	Details
				<ul style="list-style-type: none"> amends the timeframe which ST PASA covers to each 30-minute period (or such shorter period as determined by AEMO) in at least the seven trading days from and including the day of publication; and requires AEMO to publish generation availability information on a dispatchable unit identifier basis, to improve the transparency of information available to market participants. <p>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.</p> <p>Read more here.</p>
Enhancing operational resilience in relation to indistinct events	10 March 2022 (Schedule 3) 9 March 2023 (Schedule 1) 3 June 2024 (Schedule 2)	NER 2022 No. 1	3 March 2022	<p>This final rule expands the existing contingency event framework under the NER to cover 'indistinct events' (ie events that can impact several components of the power system in an unpredictable and uncertain way), to allow AEMO to more effectively and proactively manage these types of events.</p> <p>In particular, the final rule:</p> <ul style="list-style-type: none"> expands the definition of 'contingency event' in clause 4.2.3(a) of the NER to capture all 'plant' (ie all equipment involved in the generation, transmission or distribution of electrical energy), as well as sudden and unplanned changes to the energy output, consumption or flows of this equipment; expands the scope of the reclassification criteria in clause 4.2.3B of the NER, to include information about the measures AEMO may implement to maintain power system security as a result of reclassification decisions; establishes a new principle that AEMO must, where practicable, make decisions about reclassification and implement measures to manage contingency events in a way that is predictable and consistent with the reclassification criteria; and introduces new reporting requirements that require AEMO to consider improvements to the reclassification criteria through its regular reporting activities, and publish specific reports when it is not practicable for AEMO to act consistently with the reclassification criteria. <p>Read more here.</p>
Removal of unaccounted for	1 May 2022 (Schedule 1)	NER 2021 No. 16	23 December 2021	<p>This final rule removes unaccounted for energy (UFE) from the calculation of liable load under the Retailer Reliability Obligation (RRO).</p>

Rule name	Commencement date	Amending rule	Date of final determination	Details
energy from liable load in the Retailer Reliability Obligation	3 June 2024 (Schedule 2)			<p>UFE refers to all residual electricity losses in a local area that remain after calculating the sum of all recorded load, generation and distribution loss factors. UFE must be settled and paid for by market participants. Historically, UFE was billed to the incumbent local retailer on the basis that they accounted for a clear majority of the energy consumed by customers within the area. However, given the increase in retail competition, this framework is no longer fit for purpose.</p> <p>The final rule replaces the term 'adjusted gross energy' (AGE) with a new term, 'adjusted metered energy' (AME), for the purpose of calculating liable load in the RRO. AME, as compared to AGE, does not include an allocation of UFE.</p> <p>Read more here.</p>
Integrating energy storage systems into the NEM	9 December 2021 (Schedule 7) 3 June 2024 (Schedules 1 to 6)	NER 2021 No. 13	2 December 2021	<p>This final rule introduces a new participant registration category, the Integrated Resource Provider (IRP), which will become available in June 2024. Storage and hybrid facilities that provide bi-directional energy flows will be allowed to register and participate under this single IRP registration category, rather than under two different categories as was previously the case.</p> <p>Changes to the recovery of non-energy costs have also been made through the introduction of two new data streams (ie adjusted sent out energy and adjusted consumed energy) to calculate the recovery of non-energy costs based on a participant's gross energy flows, rather than the participant's registration category. This new approach to non-energy cost recovery incentivises participants to manage their demand for these services and takes an important step towards an efficient two-sided market.</p> <p>The final rule also maintains the existing framework to allow storage connected to the transmission network to elect whether to connect under a negotiated agreement at a negotiated price, or the prescribed service and corresponding prescribed transmission use of system (TUOS) charge. The AEMC is of the view that storage participants should not automatically pay network charges, including the prescribed TUOS charge. TNSPs will still be required to negotiate price and service levels consistent with those that have been negotiated for other transmission customers receiving the same service. In the case of storage participants, this could be zero, given many storage participants in the market have negotiated very low or zero network charges with their TNSPs.</p>

Rule name	Commencement date	Amending rule	Date of final determination	Details
				<p>It is important to note that the final rule is not intended to affect existing connection agreements, including charging arrangements and existing performance standards.</p> <p>This final rule has also been amended by the <i>Implementing integrated energy storage systems</i> rule (which is not included in this table as its commencement date has now passed). The key amendments are as follows:</p> <ul style="list-style-type: none"> • Clarifying that generating systems will be able to participate in aggregated dispatch conformance from 3 June 2024. • Removing the option for participants with semi-scheduled generating units and bidirectional units to submit fast start inflexibility profiles. • Changing the non-energy cost recovery rule implementation date to 2 June 2024 (currently 3 June 2024) to align with the commencement of the NEM billing week. • Changing the classification of market connection points for consistency with other changes. • Specifying the circumstances in which AEMO must approve a person's application to classify an ancillary service unit. • Clarifying that the reference to Integrated Resource Provider in clause 3.6.3(b1) of the NER includes the specific role that the IRP may be acting in (ie small resource aggregator), and amending clause 3.15.10C(a)(4) of the NER to refer to 'Cost Recovery Market Participant'. • Narrowing AEMO's ability to grant exemptions to metering providers, from the requirements in relation to data storage. <p>Read more here and here.</p>

National Gas Rules

Rule change requests

Rule Name	Proponent	Initiation date	Stage	Deadline for submissions	Summary of request
New rule change requests (since last update 1 February 2024)					
There have been no new rule change requests since the last update.					
Existing rule change requests (as at last update 1 February 2024)					
Compensation and dispute resolution frameworks	Energy Ministers Sub-Group	22 June 2023	Preparation of final determination	Deadline passed (25 January 2024)	<p>This rule change request seeks to consider options for improving the existing compensation framework that applies in the east coast gas system, in relation to AEMO directions to support security and reliability.</p> <p>The compensation framework that currently applies for the east coast gas system is based on the framework for the Victorian Declared Wholesale Gas Market (DWGM). However, given the east coast gas system covers a broader range of entities than the DWGM, the compensation framework that applies should similarly reflect a wider range of scenarios for potential claims following intervention by AEMO.</p> <p>On 30 November 2023, the AEMC published a draft determination and draft rule, which:</p> <ul style="list-style-type: none"> establishes a new framework for the assessment of compensation claims, and separates the current dispute resolution procedures from those relating to the determination of compensation claims; enhances reliability and adequacy of supply, by refining the framework for compensation following AEMO directions in the east coast gas system, including by: <ul style="list-style-type: none"> restricting the costs that are eligible for compensation to direct costs only; introducing new civil penalty provisions to support appropriate behaviour in response to an AEMO direction; and increasing the minimum threshold for compensation claims to \$50,000 and not allowing different entities to join claims; and makes other consequential changes to rules relating to the DWGM and Short Term Trading Market (to ensure the new compensation framework is applicable to relevant claims).

Rule Name	Proponent	Initiation date	Stage	Deadline for submissions	Summary of request
					<p>The AEMC expects to publish a final determination on 7 March 2024. If made, the final rule would come into effect on 27 June 2024.</p> <p>Read more here.</p>

Completed rule changes

Rule name	Commencement date	Amending rule	Date of final determination	Details
Final rule determinations (since last update 1 February 2024)				
There have been no new final rule determinations since the last update.				
Other rules not yet commenced				
DWGM interim LNG storage measures	15 December 2022 (Schedules 1 and 2) 2 July 2026 (Schedule 3)	NGR 2022 No. 4	15 December 2022	<p>This final rule gives AEMO broader powers to address threats to system security and reliability of supply in the Victorian Declared Wholesale Gas Market (DWGM) between 2023 and 2025, in light of the recent decline in the amount of LNG held in storage and the contracted capacity at the Dandenong LNG storage facility.</p> <p>Under the final rule, AEMO will act as:</p> <ol style="list-style-type: none"> Buyer of last resort: <ul style="list-style-type: none"> 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. Supplier of last resort: <ul style="list-style-type: none"> 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).

Rule name	Commencement date	Amending rule	Date of final determination	Details
				<p>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.</p> <p>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.</p> <p>Read more here.</p>
DWGM distribution connected facilities	22 September 2022 (Schedule 5) 1 January 2023 (Schedule 4) 1 May 2024 (Schedules 1, 2 and 3)	NGR 2022 No. 3	8 September 2022	<p>This final rule allows distribution connected facilities (including hydrogen, biomethane and other renewable gas facilities) to register and participate in the DWGM from 1 May 2024, rather than only facilities connected to the declared transmission system.</p> <p>The final rule provides for:</p> <ul style="list-style-type: none"> • a new registration category for distribution connected facilities and a new market participant category for blend processing operators; • storage facilities to be able to bid for injections and withdrawals, and to be treated in the same way as transmission connected facilities; • distribution connected facilities to bid through the DWGM, and be scheduled on an equivalent basis to transmission connected facilities; • the classification of facilities that withdraw and almost immediately reinject gas back into the DWGM (eg, blend processing facilities) as net bidding facilities. These facilities will bid and be scheduled for the net quantity of gas that the facility supplies; • distributors to assess facility constraints on their networks and develop methodologies to manage these; • the allocation of capacity certificates and the transfer of title for gas injected into a declared distribution system; and • the extension of the pipeline interconnection principles, as well as other existing rules and requirements, to cover distribution connected facilities. <p>Read more here.</p>

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