

National Electricity and Gas Rules

Update 2024

Introduction

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

National Energy Retail Rules

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

March 2024 | Rule changes as at 1 April 2024

The NER

New rule change requests	Providing flexibility in the allocation of interconnector costs
New draft determinations	Enhancing investment certainty in the R1 process
Completed rule changes	Improving security frameworks for the energy transition; Accommodating financeability in the regulatory framework; Sharing concessional finance benefits with consumers; Enhancing reserve information (formerly Operating reserves); Resetting Powerlink's system strength unit prices; Improving the workability of the feedback loop; Clarifying mandatory primary frequency response obligations for bidirectional plant

The NERR

There have been no new rule change requests, draft determinations or completed rule changes since the last update.

The NGR

Completed rule changes	Compensation and dispute resolution frameworks
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Opportunities for stakeholders

Due by	Opportunities for submissions
18 April 2024	Enhancing investment certainty in the R1 process

Energy reform

AER Compliance Procedures and Guidelines released for consultation

On 15 March 2024, the AER commenced a review of its Retail Compliance Procedures and Guidelines, which govern self-reporting obligations for retailers and distributors in jurisdictions that have adopted the NERL. As part of this review, the AER has published draft Guidelines for consultation (the *Draft Guidelines*), and is seeking feedback on the Draft Guidelines by **19 April 2024**. The changes have a proposed effective date of **1 January 2025**.

The key takeaways from the Draft Guidelines are as follows:

- **(Introduction of material breach reporting)** Regulated entities must report any breach of the NERL, NERR and applicable Regulations that will likely have a material adverse impact on consumers or the NEM, except certain obligations that the Draft Guidelines otherwise specify as immediately reportable. This notification is required to be made as soon as reasonably practicable after identifying the breach. While the Draft Guidelines set out some considerations for determining whether a breach is material, they also indicate that this is not a prescriptive list and the AER expects regulated entities to develop their own comprehensive assessment processes to identify material breaches.
- **(Other changes to the existing self-reporting framework):** The AER is also proposing that:
 - in light of the new material breach reporting framework, the obligations which are currently reported on a quarterly basis should instead be reported on a half-yearly basis (eg obligations in relation to de-energisation, re-energisation and explicit and informed consent);
 - reporting requirements for some lower risk obligations be removed, with new reporting requirements introduced in respect of seven additional 'high-risk, high priority' obligations under the NERR and NERL (including obligations with respect to energisation, re-energisation, the presentation of standing offers, and family violence protections). Of those, only the family violence protections will require immediate notification, with the others to be reported on a half-yearly basis;
 - the current Compliance Reporting Template be replaced with an extensive list of required information (although the substance of this information remains unchanged);
 - if the initial report for an immediate or material breach is not signed by the CEO or managing director of the regulated entity, a final report signed by the CEO or managing director must be submitted within 20 business days after the initial report;
 - all reports be submitted via the AER portal (rather than by email); and
 - some additional changes be made to the compliance audit procedures.

[READ MORE HERE.](#)

National Electricity Rules and National Energy Retail Rules

Rule change requests

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

Rule name	Providing flexibility in the allocation of interconnector costs
Proponent	The Honourable Chris Bowen MP; The Honourable Lily D'Ambrosio MP; The Honourable Nick Duigan MLC
Key dates	Initiation date: 14 March 2024 Deadline for submissions: Deadline passed (11 April 2024)
Stage	Preparation of draft determination

Summary of request

This rule change request seeks to address barriers in the existing regulatory framework that may prevent the development of interconnectors with net market benefits. For example, the proponents consider that the existing cost allocation framework for interconnectors may result in a disproportionate share of the costs being borne by the consumers in one jurisdiction over another, making it difficult for these projects to proceed.

The proposed rule change seeks to improve flexibility in the allocation of costs for interconnector projects between NEM jurisdictions, and specifically provides a new pathway for determining the allocation of interconnector costs by allowing jurisdictions to enter into inter-governmental agreements specifying an agreed cost allocation. The agreements, which must be submitted to the AER for review by a specified deadline and will be subject to defined criteria, would specify the allocation of project costs to each jurisdiction over an agreed timeframe (as well as how this may change over the life of the asset). The agreements would override existing rules that would otherwise determine the cost allocation, with such existing rules to continue to apply where there is no inter-governmental agreement in place.

The consultation paper indicates that the AEMC will also examine as part of this rule change the lack of clarity around the rules that apply to interconnectors spanning Commonwealth waters, and the uncertainty affecting projects that progress under the 'Nationally Significant Transmission Projects' framework.

[READ MORE HERE.](#)

Existing rule change requests (since last update, 1 March 2024)

Rule name	Shortening the settlement cycle
Proponent	GloBird Energy Pty Ltd
Key dates	Initiation date: 22 February 2024 Deadline for submissions: Deadline passed (4 April 2024)
Stage	Preparation of draft determination

Summary of request

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.

Globird Energy considers that a shorter settlement cycle will:

- 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:
 - 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.

The AEMC expects to publish a draft determination on 13 June 2024.

[READ MORE HERE.](#)

Rule name	Expanding the transmission ring-fencing framework
Proponent	AER
Key dates	Initiation date: 18 January 2024 Deadline for submissions: Deadline passed (4 April 2024)
Stage	Preparation of final determination

Summary of request

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.

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).

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.

The AER considers that:

- 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.

Importantly, in July 2023, Tier 1 civil penalties were introduced for breaches of the Guideline. 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.

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 as 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.

It is progressing this rule change request under the expedited rule change process and expects to publish a final determination on 16 May 2024.

[READ MORE HERE.](#)

Rule name	Enhancing investment certainty in the R1 process
Proponent	Clean Energy Council
Key dates	Initiation date: 17 August 2023 Deadline for submissions: 18 April 2024
Stage	Consultation on draft determination

Summary of request

Following the collaboration of various stakeholders (including NSPs, generators and AEMO) through the Connections Reform Initiative, the Clean Energy Council submitted a rule change request in relation to the R1 process, comprising the registration and connection assessment processes that occur between the execution of a connecting generator's connection agreement and its market registration. As part of its request, the Clean Energy Council proposed several amendments to the NER to address issues identified with the R1 process, including that:

- 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 (subject to different parameters) based on the materiality of issues.

On 7 March 2024, the AEMC published a draft determination and more preferable draft rule, which seeks to improve the certainty of the R1 process.

Under the draft rule, generators will have the ability to request written justification where an NSP or AEMO asks the generator to provide additional modelling data or information to assess the capability of a generator to meet its GPS requirements, subject to the generator having submitted adequate data and information and otherwise complied with its obligations under the NER. The AEMC also identified the need to formalise the timelines and obligations related to the R1 process, and, accordingly, the draft rule introduces requirements on NSPs and AEMO to (a) formally respond to the receipt of an R1 submission (initiating the R1 process) and (b) provide notice that its assessment is complete (completing the R1 process).

The AEMC expects to publish a final determination on 6 June 2024, and is proposing that the final rule would commence two weeks after the date of the final determination.

[READ MORE HERE.](#)

Rule name	Integrating price-responsive resources into the NEM
Proponent	AEMO
Key dates	Initiation date: 3 August 2023 Deadline for submissions: Deadline passed (14 September 2023)

Stage	Preparation of draft determination
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Summary of request

AEMO's rule change request is part of a series of reforms being progressed to better integrate 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.

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 the demand should be met and the price for energy.

AEMO's view is that more efficient integration of CER into AEMO's system planning and management functions would:

- improve AEMO's demand forecasting and, as a result, decrease the level of resources that it 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.

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, it:

- is conducting further modelling following consultation with stakeholders, to highlight the benefits of integrating price-responsive resources into the NEM. The modelling results the AEMC published 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 CER's responsiveness, as compared with the 'visibility mode' AEMO proposes, and intends to investigate this option further; and
- was holding technical working groups between February and April 2024, focusing on key design features such as dispatch and participation incentives.

The AEMC expects to publish a draft determination on 25 July 2024.

[READ MORE HERE.](#)

Rule name	Efficient provision of inertia
Proponent	Australian Energy Council
Key dates	Initiation date: 2 March 2023 Deadline for submissions: Deadline passed (31 March 2023)
Stage	Preparation of directions paper

Summary of request

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 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 aligns with the design of existing FCAS markets, has 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.

In the consultation paper, the AEMC proposes 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
- 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 has announced that it is currently considering improvements to the existing inertia framework through *the Improving security frameworks for the energy transition* rule change. The AEMC will therefore focus on completing the *Improving security frameworks for the energy transition* rule change before considering more complex options under this rule change.

The AEMC expects to publish a directions paper by November 2024 and a draft determination by 27 June 2025.

[READ MORE HERE.](#)

Rule name	Unlocking CER benefits through flexible trading (electricity and retail)
Proponent	AEMO
Key dates	Initiation date: 8 December 2022 Deadline for submissions: Deadline passed (11 April 2024)
Stage	Preparation of final determination

Summary of request

This rule change request builds on the Energy Security Board's post-2025 market design recommendations, and proposes new arrangements to promote a flexible trading market for 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 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).

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.

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:

- 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.

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.

The AEMC expects to publish a final determination on 11 July 2024.

[READ MORE HERE.](#)

Completed rule changes

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

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	Accommodating financeability in the regulatory framework
Amending rule	NER 2024 No. 8
Date of final determination	21 March 2024
Commencement date	29 March 2024

Details

This final rule addresses some of the challenges TNSPs may face in raising finance to deliver actionable ISP projects in a timely and efficient way. 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.

The final rule:

- allows TNSPs to apply to the AER for a financeability assessment, as part of a Contingent Project Application 2 or revenue determination process for an ISP project. TNSPs can only submit one request for each actionable ISP project or stage of an actionable ISP project;
 - if a financeability 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, or as adjusted in accordance with any concessional finance agreements) and considers whether the TNSP's financeability position drops below that threshold, or, if the TNSP is already below that threshold, deteriorates at all, as a result of the ISP project;
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- requires the AER to effectively bring forward a TNSP's cash flows if a TNSP has a financeability issue, to prevent its financeability position from deteriorating as a result of an ISP project and improve its financial metrics and ability to raise finance. This will be achieved through a combination of as incurred depreciation, accelerated depreciation and revenue smoothing, and the TNSP can propose any method available in its financeability request; and
- requires the AER to publish Financeability Guidelines, setting out how it will determine a TNSP's financeability position.

The final 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 an adjustment to cash flows under this rule, unless agreed to by the government funding body.

[READ MORE HERE.](#)

Rule name	Sharing concessional finance benefits with consumers
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Amending rule	NER 2024 No. 7
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Date of final determination	21 March 2024
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Commencement date	29 March 2024
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Details

This final rule amends the NER to include a method for sharing the benefits of concessional financing of transmission and distribution infrastructure between consumers and TNSPs / DNSPs through reduced network tariffs. Prior to this final rule, the regulatory framework did not recognise or facilitate the pass through of concessional finance benefits to consumers (those benefits flowed to TNSPs instead).

The final rule:

- allows a government funding body (*GFB*) and NSP to agree to share the benefits of concessional finance with consumers, in the form of an agreed amount passed through to network users over an agreed period, or a reduction to the NSP's Regulated Asset Base, 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 (with a copy of the agreement signed by both the GFB and NSP to be provided), as well as where there is a prospective variation to a concessional finance agreement;
- requires the AER to facilitate the sharing of concessional finance benefits in line with the methodology agreed by the GFB and NSP. The methodology (including the agreed value and timing / mechanism for pass through of reductions) will be set out in the signed agreement between 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.

[READ MORE HERE.](#)

Rule name	Enhancing reserve information (formerly Operating reserves)
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Amending rule	NER 2024 No. 6
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Date of final determination	21 March 2024
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Commencement date	1 July 2025 (Schedule 1) 1 July 2027 (Schedule 2)
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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	Resetting Powerlink's system strength unit prices
Amending rule	NER 2024 No. 4
Date of final determination	14 March 2024
Commencement date	14 March 2024

Details

This final rule has been made in response to a request from Powerlink, as the system strength service provider for the Queensland region, for a participant derogation from the NER to reset its system strength unit prices (SSUPs), which are a component of the system strength charge. The NER requires that SSUPs are fixed for each five-year system strength charging period (SSCP) (subject to indexation), and does not allow for SSUPs to be changed during an SSCP.

As a result of updated information and changes in the potential mix of future system strength technologies, Powerlink expects its costs to procure system strength to be substantially lower than those used to calculate the current SSUPs (which were published in March 2023). In light of this, the final rule grants Powerlink a derogation to decrease its SSUPs for the system strength nodes on its network. Powerlink must have published the new SSUPs by 14 April 2024, with the revised SSUPs to take effect on 1 July 2024 and apply until the end of the current SSCP (being 30 June 2028).

Connection proponents who originally elected not to pay the system strength charge will also be given the opportunity to change their decision, based on the revised SSUPs. NSPs (Powerlink, Energex and Ergon Energy) must notify connection proponents within 10 business days after Powerlink's publication of the

revised SSUPs, and proponents will have until 29 July 2024 to change their decision, giving them time to consider both this final rule as well as the final determination on the 'Calculation of the System Strength Quantity' rule change in deciding whether to self-remediate or pay the system strength charge.

[READ MORE HERE.](#)

Rule name	Improving the workability of the feedback loop
Amending rule	NER 2024 No. 4
Date of final determination	7 March 2024
Commencement date	14 March 2024

Details

This final rule builds on 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.

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 ISP, and that the costs of the preferred option do not alter the status of the actionable ISP project as part of the ODP.

Under existing arrangements, the feedback loop is assessed against the ODP in the most recent ISP. This is different from the RIT-T process, which uses AEMO's Inputs, Assumptions and Scenarios Report that will underpin the ODP in the next ISP. This creates challenges, given that current and future ODPs are likely to have different underlying inputs, assumptions and scenarios.

This final rule clarifies the underlying inputs and timing for undertaking the feedback loop assessment process, and specifically:

- allows the feedback loop to be assessed against the most recent ODP in a draft or final ISP;
- requires that the AER's Cost Benefit Analysis guidelines be amended to provide guidance on the timing of a feedback loop request, with a view to minimising the risk of discrepancy between the ISP and the RIT-T;
- enables TNSPs to simultaneously undertake the feedback loop assessment and the Contingent Project Application processes; and
- requires AEMO to complete its feedback loop assessment within 40 business days from the later of the date the request is submitted or additional information is received (with a power to extend by 60 days).

[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)

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.](#)

Other rules not yet commenced

Rule name	Calculation of system strength quantity
Amending rule	NER 2024 No. 2
Date of final determination	29 February 2024
Commencement date	8 March 2024 (Schedule 2) 1 July 2024 (Schedule 1)

Details

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:

- 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.

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.

Specifically, the final rule:

- 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).

[READ MORE HERE.](#)

Rule name Amendment of the Market Price Cap, Cumulative Price Threshold and Administered Price Cap

Amending rule NER 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 market price cap (the **MPC**), cumulative price threshold (the **CPT**) and administered price cap (the **APC**) from 1 July 2025 to 30 June 2028, as follows:

Market price setting	1 July 2025	1 July 2026	1 July 2027
The MPC	\$18,600/MWh	\$20,700/MWh	\$22,800/MWh
The CPT	\$1,674,000/MWh	\$1,987,200/MWh	\$2,325,600/MWh
CPT hours at MPC	7.5	8	8.5
The 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	Efficient reactive current access standards for inverter-based resources
Amending rule	NER 2023 No. 1
Date of final determination	20 April 2023
Commencement date	27 April 2023 (Schedules 1 and 3) 3 June 2024 (Schedule 2)

Details

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.

The final rule:

- 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.

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.

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 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).

[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 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 **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	AER reporting on market outcomes
Amending rule	NER 2022 No. 5
Date of final determination	19 May 2022
Commencement date	19 May 2022 (Schedule 3) 29 September 2022 (Schedule 1) 3 June 2024 (Schedule 2)

Details

This final rule replaces the current prescriptive requirements in the NER regarding reporting on significant price variations, with a principles-based approach to reporting supported by an AER guideline.

Specifically, the final rule:

- removes the current reporting triggers of:
 - 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; and
- 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.

[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.](#)

Rule name	Enhancing operational resilience in relation to indistinct events
Amending rule	NER 2022 No. 1
Date of final determination	3 March 2022
Commencement date	10 March 2022 (Schedule 3) 9 March 2023 (Schedule 1) 3 June 2024 (Schedule 2)

Details

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.

In particular, the final rule:

- 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.

[READ MORE HERE.](#)

Rule name	Removal of unaccounted for energy from liable load in the Retailer Reliability Obligation
Amending rule	NER 2021 No. 16
Date of final determination	23 December 2021
Commencement date	1 May 2022 (Schedule 1) 3 June 2024 (Schedule 2)

Details

This final rule removes unaccounted for energy (**UFE**) from the calculation of liable load under the Retailer Reliability Obligation (the **RRO**).

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.

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 with AGE, does not include an allocation of UFE.

[READ MORE HERE.](#)

Rule name	Integrating energy storage systems into the NEM
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Amending rule	NER 2021 No. 13
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Date of final determination	2 December 2021
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Commencement date	9 December 2021 (Schedule 7) 3 June 2024 (Schedules 1 to 6)
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Details

This final rule introduces a new participant registration category, the Integrated Resource Provider (the **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.

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.

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.

It is important to note that the final rule is not intended to affect existing connection agreements, including charging arrangements and existing performance standards.

This final rule has also been amended by the *Implementing integrated energy storage systems* rule (which is not included in this table, as its commencement date has now passed). The key amendments are as follows:

- 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'; and
- narrowing AEMO's ability to grant exemptions to metering providers, from the requirements in relation to data storage.

[READ MORE HERE AND HERE.](#)

National Gas Rules

Rule change requests

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

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

Existing rule change requests (as at last update, 1 March 2024)

There are no existing rule change requests.

Completed rule changes

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

Rule name	Compensation and dispute resolution frameworks
Amending rule	NGR 2024 No. 2
Date of final determination	7 March 2024
Commencement date	21 March 2024 (Schedule 2) 31 July 2024 (Schedule 1)

Details

This final rule improves the existing compensation framework that applies in the East Coast Gas System (*ECGS*), following intervention by AEMO through directions to market participants, by:

- establishing a new, 'fit for purpose' framework for the assessment of compensation claims that is distinct from the existing dispute resolution procedures in the NGR (which remain unchanged). This new framework is based on the expert determination framework used for assessing electricity compensation claims under Chapter 3 of the NER;
- refining the framework for compensation arising from AEMO directions in the ECGS, including by:
 - restricting the costs that can be claimed to direct costs only;
 - introducing a new provision that prohibits an intentional or reckless exacerbation of costs in response to an AEMO direction without reasonable cause, which the AEMC recommends be classified as a tier one civil penalty provision;
 - raising the minimum threshold for compensation claims to \$50,000 (subject to indexation) and prohibiting the joining of claims by different entities; and
 - introducing principles to guide AEMO's cost recovery methodology for compensation claims under Part 27; and
- making other consequential changes to the rules relating to the DWGM and Short Term Trading Market, to ensure the new compensation framework is applicable to relevant claims under these rules.

[READ MORE HERE.](#)

Other rules not yet commenced

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

Details

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

Under the final rule, AEMO will act as:

1. Buyer of last resort:

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

2. Supplier of last resort:

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

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

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

[READ MORE HERE.](#)

Rule name	DWGM distribution connected facilities
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Amending rule	NGR 2022 No. 3
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Date of final determination	8 September 2022
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Commencement date	22 September 2022 (Schedule 5) 1 January 2023 (Schedule 4) 1 May 2024 (Schedules 1, 2 and 3)
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Details

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.

The final rule provides for:

- 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.

[READ MORE HERE.](#)

Glossary

In this document, the following definitions apply:

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

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