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Secretariat  
Energy Senior Officials Meeting

By electronic submission

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Dear Secretariat

Stand-Alone Power Systems Legislative Amendments – Consultation on Revised National Electricity Rules and National Energy Retail Rules

AEMO is pleased to provide a submission to the consultation on the revised National Electricity Rules (NER) and National Energy Retail Rules (NERR) related to Stand-Alone Power System (SAPS).

AEMO has identified a need to amend the current drafting in two areas of the draft NER amendments, described below.

### 3.21.1 Application of this Chapter to a regulated SAPS

New NER clause 3.21.1(b)(3) states:

- (b) *The following provisions apply in respect of regulated SAPS, SAPS energy, SAPS Participants, SAPS facilities and connection points in a regulated SAPS: ...*
- (3) *the arrangements in rules 3.15.12 to 3.15.25 for settlements;*

Some of the clauses covered by draft clause 3.21.1(b)(3) do not directly translate to a SAPS application. Specifically, clauses 3.15.22 to 3.15.24 deal with maximum total payment in a billing period, providing a process in the event that the settlements revenue AEMO receives is less than the aggregate settlement amounts AEMO would otherwise be required to pay.

Clause 3.15.22 refers to energy trading and reallocation amounts specifically under NER clauses 3.15.6 (spot market transactions) and 3.15.11 (reallocation transactions), which are excluded from the SAPS rule. These clauses in their current form cannot cover SAPS trading amounts.

AEMO suggests that clause 3.21.1(b)(3) should be amended so that references to energy trading amounts are limited to the amounts determined under clause 3.21.3. This would be similar to the approach already drafted in clause 3.21.1(b)(2), which describes the application of the prudential requirements for SAPS resource providers. AEMO provides the following alternative drafting suggestion for consideration:

- (3) *the arrangements in ~~rules~~ clauses 3.15.12 to 3.15.25 for settlements, but applied to trading amounts calculated in respect of the sale and purchase of SAPS energy; and*

AEMO considers that these drafting changes will remove ambiguity for AEMO's management of settlements, confirm the intended application of the relevant Chapter 3 provisions, and do not impact any other interested party.

## 11 Savings and Transitional Rules

Timing for the implementation of SAPS is to be determined. The transitional rule 'NER clause 11.[xxx].1 Definitions' identifies the following:

*'(a) In this rule 11.[xxx]:...*

*effective date means the date of commencement of Schedules [x, y and z] of the Amending Rule.'*

Further clauses within Chapter 11 specify the tasks that AEMO and the Australian Energy Regulator must perform to support the implementation and operation of SAPS from the effective date, including the creation of new guidelines and the amendment of procedures and processes. Changes are also required to be made to the energy settlements systems and to enable the identification of SAPS and SAPS connection points within market systems.

A significant reform program is scheduled for implementation throughout 2021 and 2022 including five-minute settlements, wholesale demand response, global settlements, metering coordinator planned interruptions and MSATS standing data review. Timeframes for the delivery of other initiatives, such as the Customer Data Right and proposals currently under consideration by the Australian Energy Market Commission are pending. In response to the scale and complexity of the regulatory change program and the impacts of the COVID-19 pandemic, AEMO has worked with stakeholders to create and publish a Regulatory Implementation Roadmap<sup>1</sup> to assist in the delivery of current rule changes and reviews to identify favourable timing for the delivery of future changes.

AEMO considers that the implementation of SAPS may require a change to the industry schema that specifies business to market communication standards in the NEM. Schema changes are scheduled for release bi-annually in May and November. AEMO considers that implementation of SAPS should be scheduled as soon as reasonably practicable following the implementation of the current initiatives and that the May 2023 schema release presents the ideal window for SAPS implementation.

In this context, and with reference to the Regulatory Implementation Roadmap, AEMO proposes that the 'effective date' for SAPS is established in the NER as:

*effective date means 30 May 2023.*

The proposed effective date will also provide sufficient opportunity for AEMO and other interested parties to consider implications arising from the Integrating Energy Storage rule change<sup>2</sup> which is currently being progressed by the AEMC. This rule change seeks to amend the Market Small Generator Aggregator role and provisions within the NER Chapter 2 more

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<sup>1</sup> <https://www.aemo.com.au/initiatives/major-programs/regulatory-implementation-roadmap>

<sup>2</sup> <https://www.aemc.gov.au/rule-changes/integrating-energy-storage-systems-nem>

generally which AEMO will need to consider when establishing the Market SAPS Resource Provider role.

Should you wish to discuss any of the matters raised in this submission, please contact Kevin Ly, Group Manager Regulation on [kevin.ly@aemo.com.au](mailto:kevin.ly@aemo.com.au).

Yours sincerely



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