



National Electricity Amendment (Allowing AEMO to accept cash as credit support) Rule 2025 No 8

The Australian Energy Market Commission makes the following Rule under the National Electricity Law to the extent applied by:

- (a) the *National Electricity (South Australia) Act 1996* of South Australia;
- (b) the *Electricity (National Scheme) Act 1997* of the Australian Capital Territory;
- (c) the *Electricity - National Scheme (Queensland) Act 1997* of Queensland;
- (d) the *National Electricity (New South Wales) Act 1997* of New South Wales;
- (e) the *Electricity - National Scheme (Tasmania) Act 1999* of Tasmania;
- (f) the *National Electricity (Victoria) Act 2005* of Victoria;
- (g) the *National Electricity (Northern Territory) (National Uniform Legislation) Act 2015* of the Northern Territory; and
- (h) the *Australian Energy Market Act 2004* of the Commonwealth.

Anna Collyer
Chairperson
Australian Energy Market Commission

National Electricity Amendment (Allowing AEMO to accept cash as credit support) Rule 2025 No 8

1 Title of Rule

This Rule is the *National Electricity Amendment (Allowing AEMO to accept cash as credit support) Rule 2025 No 8*.

2 Commencement

Schedule 1 of this Rule commences operation on 1 November 2026.

Schedule 2 of this Rule commences operation on 3 July 2025.

3 Amendment to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

4 Savings and Transitional Amendment to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 2.

Schedule 1 Amendment to the National Electricity Rules

(Clause 3)

[1] Clause 1.11 AEMO Rule Funds

In clause 1.11(a)(2), omit "and".

[2] Clause 1.11 AEMO Rule Funds

After clause 1.11(a)(2), insert:

(2A) the *cash security fund*; and

[3] Clause 1.11 AEMO Rule Funds

After clause 1.11(b)(2), insert:

(2A) in the case of the *cash security fund*, all *cash securities* accepted by *AEMO* under clause 3.3.2A(a);

[4] Clause 1.11 AEMO Rule Funds

In clause 1.11(c) omit "In respect of the security deposit fund, *AEMO* must", and substitute "In respect of each of the security deposit fund and the *cash security fund*, *AEMO*".

[5] Clause 1.11 AEMO Rule Funds

In clause 1.11(c)(1), after "security deposits made", insert "or *cash securities* provided".

[6] Clause 1.11 AEMO Rule Funds

In clause 1.11(c)(2), after "clause 3.3.13A", insert "or in the *cash security fund* in accordance with clauses 3.3.13B or 3.15.21(b)(2) (as applicable)".

[7] Clause 1.11 AEMO Rule Funds

In clause 1.11(c)(3), after "security deposit fund", insert "or the *cash security fund*".

[8] Clause 1.11 AEMO Rule Funds

After clause 1.11(d)(2), insert:

(2A) in the case of the *cash security fund*:

- (i) monies owing to *AEMO* by a *Market Participant*; or
- (ii) the return of monies to a *Market Participant* in accordance with clause 3.3.13B;

[9] Clause 1.11 AEMO Rule Funds

In clause 1.11(d)(4)(i), after "security deposit fund", insert "or the *cash security fund*".

[10] Clause 3.1.1A Definitions

In clause 3.1.1A, insert in alphabetical order:

cash security guidelines means the guidelines developed and *published* by *AEMO* in accordance with clause 3.3.2A(c).

cash security limit means the amount determined under clause 3.3.2A(e), (f) and (g) (as applicable).

[11] Clause 3.3.2 Credit support

In clause 3.3.2, after "A *credit support* is", insert " *cash security*, or".

[12] Clause 3.3.2 Credit support

After clause 3.3.2, insert new clause 3.3.2A:

3.3.2A Cash security

- (a) Subject to paragraph (b), *AEMO* must accept *cash security* where the provision of that *cash security* complies with the cash security guidelines.
- (b) *AEMO* must not accept *cash security* from a *Market Participant* to the extent that the balance of *cash security held by AEMO in the cash security fund for that Market Participant* would exceed the cash security limit (excluding any amount accruing for payment to the *Market Participant* under clause 3.3.13B(c)).
- (c) *AEMO* must develop and *publish* guidelines (the cash security guidelines) setting out the terms and conditions applicable to, and its procedural requirements for, *cash security* provided as *credit support* under clause 3.3.2.
- (d) Any *cash security* provided to *AEMO* as *credit support* must not be, and must not become, subject to any security interest, trust or other proprietary interest (whether legal, equitable or statutory), other than in favour of *AEMO* at any time while it is held by *AEMO*.
- (e) Without limiting any rights of *AEMO*, the rights of a *Market Participant* that provides *cash security* to the return of any monies in the *cash security fund* in accordance with these *Rules* are subject to a first ranking charge in favour of *AEMO* securing payment of any money actually or contingently owing by the *Market Participant* to *AEMO* pursuant to the *Rules*.

- (f) The cash security limit for the 2026-2027 *financial year* is \$20 million and for each following *financial year* is the dollar amount calculated by *AEMO* under paragraph (g).
- (g) By 28 February of each year (commencing 2027), *AEMO* must calculate the cash security limit to apply on and from 1 July of that year in accordance with (h) and (i) and *publish* its calculation on its website.
- (h) Subject to paragraph (i), *AEMO* must calculate the cash security limit for a *financial year* using the following formula:

$$CSL^x = BV^{CSL} \times \frac{(Q_1^c + Q_2^c + Q_3^c + Q_4^c)}{(Q_1^b + Q_2^b + Q_3^b + Q_4^b)}$$

Where:

CSL is the cash security limit in dollars;

x is the *financial year* for which the cash security limit is being calculated;

BV^{CSL} is \$20 million (being the value of the cash security limit prior to 1 July 2027);

Q1 to Q4 are the values of the All groups, Australia CPI found at Index Numbers, All groups, Australia, in Tables 1 and 2 of the Consumer Price Index, Australia published by the Australian Bureau of Statistics for the relevant quarter, except where that index ceases to be published or is substantially changed, in which case the index will be such other index as is determined by *AEMO* as suitable;

c is the calendar year commencing 18 months before the start of year x; and

b is calendar year 2025.

- (i) If the value calculated by *AEMO* under paragraph (g) is:
 - (1) not in whole hundreds of dollars, then the credit support limit for year x will be the value calculated under paragraph (g) rounded to the nearest \$100;
 - (2) less than the credit support limit applied under this clause 3.3.2A for the preceding financial year (year x-1), then the credit support limit for year x will be the value of the credit support limit for year x-1.

[13] Clause 3.3.3 **Acceptable credit criteria**

In clause 3.3.3(f), at the start of the clause, insert "have".

[14] Clause 3.3.5 Amount of credit support

In clause 3.3.5, after "undrawn or unclaimed amounts of", omit "then current and valid".

[15] Clause 3.3.6 Changes to credit support

In clause 3.3.6(b), after "maintain aggregate undrawn", omit "current and valid" and insert "or unclaimed amounts of".

[16] Clause 3.3.7 Drawings on credit support

In clause 3.3.7(b), after "the remaining" insert "undrawn or unclaimed amounts of".

[17] Clause 3.3.7 Drawings on credit support

In clause 3.3.7(b), omit "the aggregate undrawn and valid" and insert "the aggregate undrawn and unclaimed amounts of".

[18] Clause 3.3.7 Drawings on credit support

In clause 3.3.7(b), after "is not less than the amount of", omit "of credit support".

[19] Clause 3.3.10 Trading limit

In clause 3.3.10, in the definition of "CS", after "is the", insert "available".

[20] Clause 3.3.13 Response to Call Notices

In clause 3.3.13(a)(4), after "which can be drawn" insert "or claimed".

[21] Clause 3.3.13A Application of monies in the security deposit fund

After clause 3.3.13A, insert new clause 3.3.13B:

3.3.13B Return of monies in the cash security fund

(a) If:

- (1) a *Market Participant* has a credit balance in the *cash security fund* and ceases, or intends to cease, being a *Market Participant*; and
- (2) that *Market Participant* has paid all money owing to *AEMO* and *AEMO* reasonably considers that the *Market Participant* will not owe any money to *AEMO* in the future arising from that person's activities as a *Market Participant*,

then *AEMO* must return any credit balance for that *Market Participant* in the *cash security fund* to that *Market Participant* (subject to deduction for any liabilities and expenses of the *cash security fund*).

- (b) If the total *credit support* held by *AEMO* in respect of a *Market Participant* is greater than the *Market Participant's maximum credit limit* and there is no *default event* in relation to a *Market Participant*, *AEMO* must, on written request from that *Market Participant* made in accordance with the cash security guidelines promptly return the requested amount of the credit balance for that *Market Participant* in the *cash security fund* provided that, immediately following the return of that requested amount, the total *credit support* held by *AEMO* in respect of a *Market Participant* is not less than the *Market Participant's maximum credit limit*.
- (c) *AEMO* will include in the *settlement amount* for each *Market Participant* who has provided *cash security* an amount equal to:
 - (1) the actual interest or other income earned in each *billing period* on amounts that *Market Participant* paid to the *cash security fund* referred to in clause 1.11(c)(1) (to the extent not previously applied under clause 1.11(c)(2)); minus
 - (2) the amounts referred to in clause 1.11(c)(3) debited in that *billing period*.
- (d) A *Market Participant* has no right to require repayment of the *cash security* other than in accordance with this clause or as specified in the cash security guideline.

[22] Clause 3.15.21 Default procedure

In clause 3.15.21(b)(2), at the start of the clause omit "if it has not already done so, make claim", and insert "make claim (including by exercising rights under subparagraph (3))".

[23] Clause 3.15.21 Default procedure

In clause 3.15.21(b)(2), at the end of the clause, omit "." and insert "; and/or"

[24] Clause 3.15.21 Default procedure

After clause 3.15.21(b)(2), insert:

- (3) set-off:
 - (i) an amount owing by *AEMO* to the *Market Participant* equal to the balance of the *cash security* held by *AEMO* in the *cash security fund* for that *Market Participant*; against
 - (ii) any amounts owing by the *Market Participant* to *AEMO* pursuant to the *Rules* (in each case, whether or not such amounts are due for payment or actually or contingently owing).

The credit balance for the *Market Participant* in the *cash security fund* will be reduced by an amount equal to the amount referred to in subparagraph (3)(i) which is subject to such set-off.

[25] Clause 3.15.21 Default procedure

After clause 3.15.21(b)(2), insert:

Note

The provision of *credit support* by a *Market Participant* to *AEMO* is for the purposes of *AEMO* exercising its functions under the procedures in these *Rules* relating to defaults by *Market Participants*, including *retailers*. Section 10A of the *NEL* and the *NEL* regulations have declared certain relevant provisions related to the prudential and default regime in Chapter 3 to be Corporations legislation displacement provisions for the purposes of section 5G of the *Corporations Act 2001*.

[26] Clause 3.15.22 Maximum total payment in respect of a billing period

In clause 3.15.22(a)(5), omit "." and insert ",."

[27] Clause 3.15.22 Maximum total payment in respect of a billing period

After clause 3.15.22(a)(5), insert:

minus

- (6) any amounts paid by *AEMO* in that *billing period* or payable within a period ending 5 *business days* after the *payment date* in respect of a claim that a transaction (including a payment) involving *AEMO* in connection with the provision or use of *cash security* is void or voidable under a law relating to insolvency that has been upheld, conceded or compromised.

[28] Clause 3.15.22 Maximum total payment in respect of a billing period

After clause 3.15.22, insert new clause 3.15.22A:

3.15.22A Compensation for reductions due to late credit support

- (a) This clause applies if:
 - (1) for a billing period, *AEMO* reduces a payment to a *Market Participant* in accordance with clause 3.15.22 due to amounts claimed by *AEMO* under clause 3.15.21(b)(2) not being received on the *payment date* in accordance with the timetable; and
 - (2) at least 2 business days prior to *AEMO* giving a routine revised statement for that *billing period*, *AEMO* receives some or all of

the amounts referred to in sub-paragraph (a)(1) (including any interest received on overdue amounts payable under clause 3.15.25).

- (b) *AEMO* will adjust the payments made to the affected *Market Participant* in the *routine revised statement* for the relevant *billing period* in accordance with the following formula:

$$AP = CSA \times \frac{AAP}{TAAP}$$

where:

AP is the amount actually payable to an affected *Market Participant* in respect of that *billing period*;

CSA is the *credit support* amounts received as specified in subparagraph (a)(2);

AAP is the 'AAP' for that *Market Participant* for that *billing period* under clause 3.15.22(c); and

TAAP is the total of the 'AAPs' for all affected *Market Participants* for that *billing period* under clause 3.15.22(c).

[29] Clause 3.15.23 Maximum total payment in respect of a financial year

In clause 3.15.23(a), after "payment under clause 3.15.22", insert ", other than a reduction which has been fully paid to the *Market Participant* under clause 3.15.22A (including any interest due on that reduction amount under clause 3.15.25), "

[30] Clause 3.15.23 Maximum total payment in respect of a financial year

In clause 3.15.23(c), omit the formula and insert:

$$SS_1 = (SAP_1 SS) - AAP_1 + AP_1$$

[31] Clause 3.15.23 Maximum total payment in respect of a financial year

In clause 3.15.23(c), in the definition of "SS", omit "and".

[32] Clause 3.15.23 Maximum total payment in respect of a financial year

In clause 3.15.23(c), in the definition of "AAP₁", omit "." and substitute "; and".

[33] Clause 3.15.23 Maximum total payment in respect of a financial year

In clause 3.15.23(c), after the definition of "AAP₁", insert:

AP₁ is the aggregate of the APs referred to in clause 3.15.22A, being the amounts actually paid to the *Market Participant* in respect of each *billing period* forming the *financial year*.

[34] Chapter 10 Glossary

In chapter 10, insert the following definitions in alphabetical order:

cash security

A cash deposit provided by a *Market Participant* to *AEMO* and accepted by *AEMO* under clause 3.3.2A(a).

cash security fund

the *Rule fund* specified in clause 1.11(a)(2A).

[35] Chapter 10 Glossary

In Chapter 10, in the definition of ***credit support***, after "an obligation" insert "procured under clause 3.3.2", and at the end of the first paragraph, omit "clause 3.3.2(a)" and insert "clause 3.3.2 or *cash security* provided by the *Market Participant*".

Schedule 2 Savings and Transitional Amendment to the National Electricity Rules

(Clause 4)

[1] New Rule 11.187 Rules consequential on the making of the National Electricity Amendment (Allowing AEMO to accept cash as credit support) Rule 2025

In chapter 11, after Rule 11.186, insert:

11.187 Rules consequential on the making of the National Electricity Amendment (Allowing AEMO to accept cash as credit support) Rule 2025

11.187.1 Definitions

(a) For the purposes of this rule 11.187:

Amending Rule means the National Electricity Amendment (Allowing AEMO to accept cash as credit support) Rule 2025.

commencement date means 1 November 2026, being the commencement date of the Amending Rule.

(b) Italicised terms used in this rule 11.187 have the same meaning as in Chapter 10.

11.187.2 Cash security guidelines

By no later than 3 months prior to the commencement date, *AEMO* must develop and *publish* the cash security guidelines under clause 3.3.2A(c).

[END OF RULE AS MADE]
