

# Draft rule changes to the calculation of the cumulative price

## **The Commission has made a draft rule to amend the calculation of the cumulative price in specific situations of market stress**

Following the publication of its consultation paper on 16 October 2025, the Commission has decided to make a more preferable draft rule to amend the calculation of the cumulative price during periods of peak market stress in response to two rule change requests submitted by Delta Electricity (Delta) and Snowy Hydro (Snowy). The Commission has formally consolidated both rule change requests and is seeking feedback from stakeholders on the more preferable draft rule (the 'draft rule'), including the expected magnitude of benefits and implementation costs, by 12 March 2026.

**The Commission considered the seven submissions from stakeholders in response to the consultation paper**

For Delta's rule change request, most stakeholders agreed there is an issue with the current calculation of cumulative price when one region is exporting to a region in administered pricing. They suggested that the current calculation process does not provide the correct market signal when multiple regions are approaching administered pricing.

For Snowy's rule change request, most stakeholders agreed that there is an issue with the calculation of the cumulative price when prices are set by the market suspension pricing schedule, because the current arrangements may lead to the premature ending of administered pricing if there is underlying stress in the market before a suspension. However, several noted there were questions around the magnitude of the issue, and half of stakeholder responses expressed hesitations about any unintended consequences of Snowy's proposed solution. One stakeholder provided an alternative solution that has shaped our more preferable draft rule.

### **The Commission's draft rule would address Delta's rule change request**

In response to Delta's rule change request, the draft rule would amend the methodology in the National Electricity Rules (NER) for calculating the cumulative price when one or more regions have reached the cumulative price threshold (CPT). The key aspect of the draft rule, consistent with the initial proposal by Delta, is to use received prices, (instead of dispatch prices) to calculate when the CPT is reached in a region. This aspect of the draft rule seeks to improve efficiency in market signals, which should improve certainty and investment signals for peaking generation.

### **The Commission's draft rule would address Snowy's rule change request**

In response to Snowy's rule change request, the draft rule would amend the NER to adjust the methodology for the calculation of the cumulative price when AEMO has suspended the market due to market stress. The draft rule retains the calculation methodology proposed by Snowy, combined with a suggestion from Shell to differentiate between market suspensions caused by market stress and those caused by technological failures with AEMO's systems. The key aspects of the draft rule are :

- Differentiate between a market suspension caused by technological failures with AEMO's system and a market suspension caused by other conditions, such as market stress.
- When the market suspension has been caused by a technological failure with AEMO's systems, retain the current arrangement (i.e. retain the use of the market suspension pricing schedule prices as an input into the cumulative price calculation).
- When the market suspension has been caused by other conditions, such as market stress, exclude the trading intervals from the cumulative price calculation (i.e. Snowy's methodology).

Because of this, we consider that differentiating between a market suspension caused by market stress or technological failures with AEMO's systems will result in a more efficient market outcome, as the cumulative price calculation methodology will be based on the situation that caused AEMO to suspend the market.

**We are interested in views from stakeholders about the costs and benefits of the draft rule**

The draft rule will likely require changes to AEMO's existing systems. The Commission is interested in understanding these costs in greater detail to better evaluate the merits of the rule change from Delta and Snowy. Additionally, we are interested in views from stakeholders about the proposed solutions in the draft rule and the magnitude of benefit they would generate given the relative rarity of the situations that must occur for the benefit to be realised.

The Commission will continue to progress this consolidated rule change under a standard timeline.

Submissions to the draft determination are due by **12 March 2026**.

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