



National Electricity Amendment (NEM settlement under low, zero and negative demand conditions) Rule 2021 No. 6

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 Electricity - National Scheme (Tasmania) Act 1999 of Tasmania;
- (e) the National Electricity (New South Wales) Act 1997 of New South Wales;
- (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.

The Australian Energy Market Commission makes the following Rule under the National Electricity Law.

Anna Collyer
Chairperson
Australian Energy Market Commission

National Electricity Amendment (NEM settlement under low, zero and negative demand conditions) Rule 2021 No. 6

1 Title of Rule

This Rule is the *National Electricity Amendment (NEM settlement under low, zero and negative demand conditions) Rule 2021 No. 6*.

2 Commencement

Schedule 1 of this Rule commences operation on 1 September 2021.

Schedule 2 of this Rule commences operation on 1 October 2021 immediately after the commencement of Schedules 1 to 6 of the *National Electricity Amendment (Five Minute Settlement) Rule 2017 No. 15*.

3 Amendment to the National Electricity Rules

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

4 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 3.15.6A Ancillary service transactions

At the end of clause 3.15.6A(c8), insert:

Note

The values of $AGE_{P,R}$ and $AAGE_{P,R}$ are subject to substitution in accordance with clause 3.15.6AA.

[2] Clause 3.15.6A Ancillary service transactions

At the end of clause 3.15.6A(c9), insert:

Note

The values of AGE_P and $AAGE_P$ are subject to substitution in accordance with clause 3.15.6AA.

[3] Clause 3.15.6A Ancillary service transactions

At the end of clause 3.15.6A(e), insert:

Note

The values of TCE_R and $ATCE_R$ are subject to substitution in accordance with clause 3.15.6AA.

[4] Clause 3.15.6A Ancillary service transactions

At the end of clause 3.15.6A(g), insert:

Note

The values of TCE and $RATCE$ are subject to substitution in accordance with clause 3.15.6AA.

[5] Clause 3.15.6A Ancillary service transactions

At the end of clause 3.15.6A(i), insert:

Note

The values of TCE and $ATCE$ are subject to substitution in accordance with clause 3.15.6AA.

[6] New clause 3.15.6AA Substitution of regional customer energy values for insufficient net demand recovery periods

After clause 3.15.6A, insert:

3.15.6AA Substitution of regional customer energy values for insufficient net demand recovery periods

(a) In this clause:

demand substitution reference period means the last four complete *billing periods* prior to the start of the relevant recovery period, or another period determined by *AEMO* following a review in accordance with paragraph (d).

relevant recovery period means a *trading interval* or other period consisting of multiple *trading intervals* for which *AEMO* must calculate amounts to be recovered from *Market Customers* under:

- (1) clause 3.15.6A(c8), (c9), (e), (g) or (i), to fund payments for *ancillary services*;
- (2) clause 3.15.8(b), (f) or (g), to fund compensation for *directions*; or
- (3) clause 3.15.8A(b) or (f), to fund compensation for *market suspension pricing schedule periods*.

(b) Where the following conditions apply:

- (1) amounts are to be recovered by *AEMO* from *Market Customers* in respect of a relevant recovery period by reference to a formula that includes the value of AAGE, ATCE, RATCE or ΣE ; and
- (2) the applicable value of AAGE, ATCE, RATCE or ΣE for the relevant recovery period is equal to or less than 150MWh,

AEMO must calculate the amounts to be recovered from each *Market Customer* under clauses 3.15.6A and 3.15.8 upon substituted values determined under paragraph (c) for each of the following corresponding terms in each formula (as applicable):

- (3) AGE and AAGE;
- (4) TCE and either ATCE or RATCE; and
- (5) E and ΣE .

(c) For each *trading interval* that makes up a relevant recovery period to which paragraph (b) applies:

- (1) the substituted value of AGE for each *Market Customer* is the average per *trading interval* of the total *adjusted gross energy* figures over the demand substitution reference period for that *Market Customer's* relevant *connection points* in the relevant *region*;

- (2) the substituted value of AAGE is the aggregate of the substituted AGE amounts under subparagraph (1);
 - (3) the substituted value of TCE for each *Market Customer* is the average per *trading interval* of the total *customer energy* figures over the demand substitution reference period for that *Market Customer's* relevant *connection points* in the relevant *region*;
 - (4) the substituted value of ATCE is the aggregate of the substituted TCE amounts under subparagraph (3);
 - (5) the substituted value of E for each *Market Customer* is the average per *trading interval* of the sum of the *adjusted gross energy* figures over the demand substitution reference period at each *connection point* for which that *Market Customer* is *financially responsible* in the relevant *region*;
 - (6) for the purpose of clause 3.15.8(b), the *adjusted gross energy* amount representing any *scheduled load* is to be excluded from the substituted value of E for the relevant *Market Customer* and *intervention price trading interval*; and
 - (7) the substituted value of $\sum E$ is the aggregate of the substituted E amounts under subparagraphs (5) and (6).
- (d) If required under paragraph (e), *AEMO* must review whether the current demand substitution reference period is a suitable period for the purpose of determining a representative average *adjusted gross energy* value for *Market Customers* in respect of potential relevant recovery periods, and may vary the demand substitution reference period based on its findings. In conducting the review *AEMO* must:
- (1) consult with *Market Customers* on the suitability of the relevant demand substitution reference period and any proposed alternatives;
 - (2) publish a report on the review on its website, including reasons for varying the demand substitution reference period (if applicable); and
 - (3) specify an effective date for the application of any varied demand substitution reference period in *settlements* calculations (including revisions) with such date being no earlier than four weeks after the date of publication of the report.
- (e) *AEMO* is required to conduct a review under paragraph (d) if:
- (1) values have been substituted under this clause 3.15.6AA for relevant recovery periods occurring in at least 5 *billing periods* since 1 September 2021 or, if applicable, since the date of the report on the previous review; and

- (2) *AEMO*, or a *Market Customer* by notice to *AEMO*, reasonably considers the current demand substitution reference period may not be suitable for the purpose of determining a representative average *adjusted gross energy* value for *Market Customers*,

provided that *AEMO* is not required to conduct a review more than once in any 12 month period.

[7] Clause 3.15.8 Funding of Compensation for directions

At the end of clause 3.15.8(b), after the civil penalty note, insert:

Note

The values of E and $\sum E$ are subject to substitution in accordance with clause 3.15.6AA.

[8] Clause 3.15.8 Funding of Compensation for directions

At the end of clause 3.15.8(f), insert:

Note

The values of TCE, AGE, ATCE and AAGE are subject to substitution in accordance with clause 3.15.6AA.

[9] Clause 3.15.8 Funding of Compensation for directions

In clause 3.15.8(g), in the local definitions for 'TCE' and 'RATCE', italicise the references to 'customer energy'.

[10] Clause 3.15.8 Funding of Compensation for directions

At the end of clause 3.15.8(g), insert:

Note

The values of TCE and RATCE are subject to substitution in accordance with clause 3.15.6AA.

[11] Clause 3.15.8A Funding of compensation for market suspension pricing schedule periods

At the end of clause 3.15.8A(b), insert:

Note

The values of E and $\sum E$ are subject to substitution in accordance with clause 3.15.6AA.

[12] Clause 3.15.8A Funding of compensation for market suspension pricing schedule periods

At the end of clause 3.15.8A(g), insert:

Note

The values of TCE, AGE, ATCE and AAGE are subject to substitution in accordance with clause 3.15.6AA.

[13] Chapter 10 New definition

In Chapter 10, insert the following definition in alphabetical order:

customer energy

Has the meaning given in clauses 3.15.6A(a0) and 3.15.8(a0).

Schedule 2 Amendment to the National Electricity Rules

(Clause 4)

[1] Clause 3.15.6AA Substitution of regional customer energy values for no-net demand recovery periods

In clause 3.15.6AA(b)(2), omit "150MWh" and substitute "25MWh".