



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

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

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

### **1 Title of Rule**

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

### **2 Commencement**

Schedule 1 of this Rule commences operation on 9 August 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 security* 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 security* 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* (including where clause 3.15.21(b)(2) applies);
- (ii) the return of monies to a *Market Participant* in accordance with clause 3.3.13B; or

- (iii) the actual interest or other income earned on that *Market Participant's* payments to that fund referred to in subparagraph (c)(1) (to the extent not applied during a *financial year* under sub-paragraph (c)(2)) less the amounts referred to in sub-paragraph (c)(3) in respect of that *financial year*, with such amount to be paid to the *Market Participant* within 20 *Business Days* after the end of that *financial year*;

## **[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).

**surety bonds** means an unconditional, irrevocable guarantee in the form of a performance bond made in favour of *AEMO* as the only beneficiary, which is payable on demand without reference to the relevant *Market Participant*, and which is governed by the laws in force in a State or Territory of Australia

## **[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**

In clause 3.3.2(b), omit "or" and insert ",".

## **[13] Clause 3.3.2 Credit support**

In clause 3.3.2(b), after "bank letter of credit", insert "or surety bond".

## **[14] 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 1.11(d)(2A)(ii)).

- (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 whilst it is held by *AEMO*, unless *AEMO* has (in its absolute discretion) agreed otherwise with the *Market Participant*.
- (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 \$5 million and for each following *financial year* is the dollar amount calculated by the *AEMC* under paragraph (g).
- (g) By 28 February of each year (commencing 2027), the *AEMC* 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), the *AEMC* 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 \$5 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 the *AEMC* 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 the *AEMC* 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.

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

In clause 3.3.3(a), omit "either".

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

In clause 3.3.3(a)(1), omit "or".

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

After clause 3.3.3(a)(2), insert:

- (3) regulated by a central bank or other authority with formal responsibility for the supervision of banking business, that is a member of the Basel Committee on Banking Supervision; or
- (4) regulated by a financial or insurance regulator with regulatory equivalence, as determined by *AEMO* in its absolute discretion, to the Australian Prudential Regulation Authority;

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

In clause 3.3.3(f), before "a credit rating", insert "have".

**[19] Clause 3.3.10      Trading limit**

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

**[20] Clause 3.3.13A      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*, 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) 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.

### **[21] Clause 3.15.21 Default procedure**

In clause 3.15.21(b)(2), at the end of the sub-paragraph insert "Where the *credit support* is *cash security*, such claim may be by *AEMO* setting off any amount owing by *AEMO* to the *Market Participant* in respect of the return to that *Market Participant* of monies in the *cash security fund* in accordance with clause 3.3.13B against any such 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).

### **[22] 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*.

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

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

**[24] 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* 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.

**[25] 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 1 day prior to *AEMO* giving the routine revised statement for that *billing period*, *AEMO* receives some or all of the amounts referred to in sub-paragraph (a)(1) (which may include interest on overdue amounts payable under clause 3.15.22).
- (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).

**[26] 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), "

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

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

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

**[28] 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".

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

In clause 3.15.23(c), in the definition of "AAP<sub>1</sub>", omit "." and substitute "; and".

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

In clause 3.15.23(c), after the definition of "AAP<sub>1</sub>", insert:

AP<sub>1</sub> 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*.

**[31] 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).

**[32] Chapter 10            Glossary**

In Chapter 10, in the definition of ***credit support***, at the end of the first paragraph, after "clause 3.3.2(a)", insert "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.XXX 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.XXX, insert:

#### **11.XXX Rules consequential on the making of the National Electricity Amendment (Allowing AEMO to accept cash as credit support) Rule 2025**

##### **11.XXX.1 Definitions**

(a) For the purposes of this rule 11.XXX:

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

**commencement date** means 9 August 2026, being the commencement date of the Amending Rule.

(b) Italicised terms used in this rule 11.XXX have the same meaning as in Chapter 10.

##### **11.XXX.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).