

Cash as Security (CS) Industry Readiness Approach

May 2026



Context

AEMO is implementing the [Cash as Credit Support \(Cash Security\)](#) reform following the AEMC's final rule determination to allow AEMO to accept cash as credit support in the NEM.

The final rule, published on 26 June 2025, introduces cash as an additional form of credit support (capped at \$20 million, CPI-indexed) and strengthens clawback protections while enabling earlier repayment when late credit support is received.

The Cash Security rule has three major implementation components:

- **Introducing cash as a new form of credit support:** This includes establishing the cash security fund, processes for receiving and returning cash, handling interest and integrating cash into prudential assessments.
- **Update prudential, settlement and billing systems to incorporate cash security:** AEMO will update prudential, settlement and billing systems, data models and processes to support cash security by the rule commencement date of 1 November 2026, supported by final Cash Security Guidelines published by 1 August 2026 to enable early participant readiness.
- **Support the transition to new arrangements in a congested reform environment:** Delivery of the reform will be aligned with other major reforms ahead of the rule's commencement on 1 November 2026.

Context (contd)

In August 2025, AEMO published a final [High-Level Implementation Assessment \(HLIA\)](#) outlining how the rule will be implemented, including indicative timelines, system impacts and early industry readiness considerations to support operationalisation of Cash Security on 1 November 2026.

The HLIA outlined AEMO's preliminary implementation design across systems, processes and procedures, as well as an indicative industry readiness approach to support participants in planning and delivering their own activities to be ready for the introduction of cash as credit support.

The indicative approach recognised that participant adoption of cash security is **optional**, while AEMO readiness is critical to enable safe and effective operation from rule commencement.

This document defines the Industry Readiness Approach for Cash Security, building on the HLIA and confirming:

- The scope and timing of AEMO-led readiness, testing and participant development support activities.
- The readiness criteria and checkpoints that will be used to inform go-live decision-making.

The following slides provide:

- A recap of the purpose of the industry readiness approach
- An overview of the NEM Reform Program industry readiness framework
- The industry readiness approach for the Cash Security initiative.

Purpose of Initiative Readiness Approach

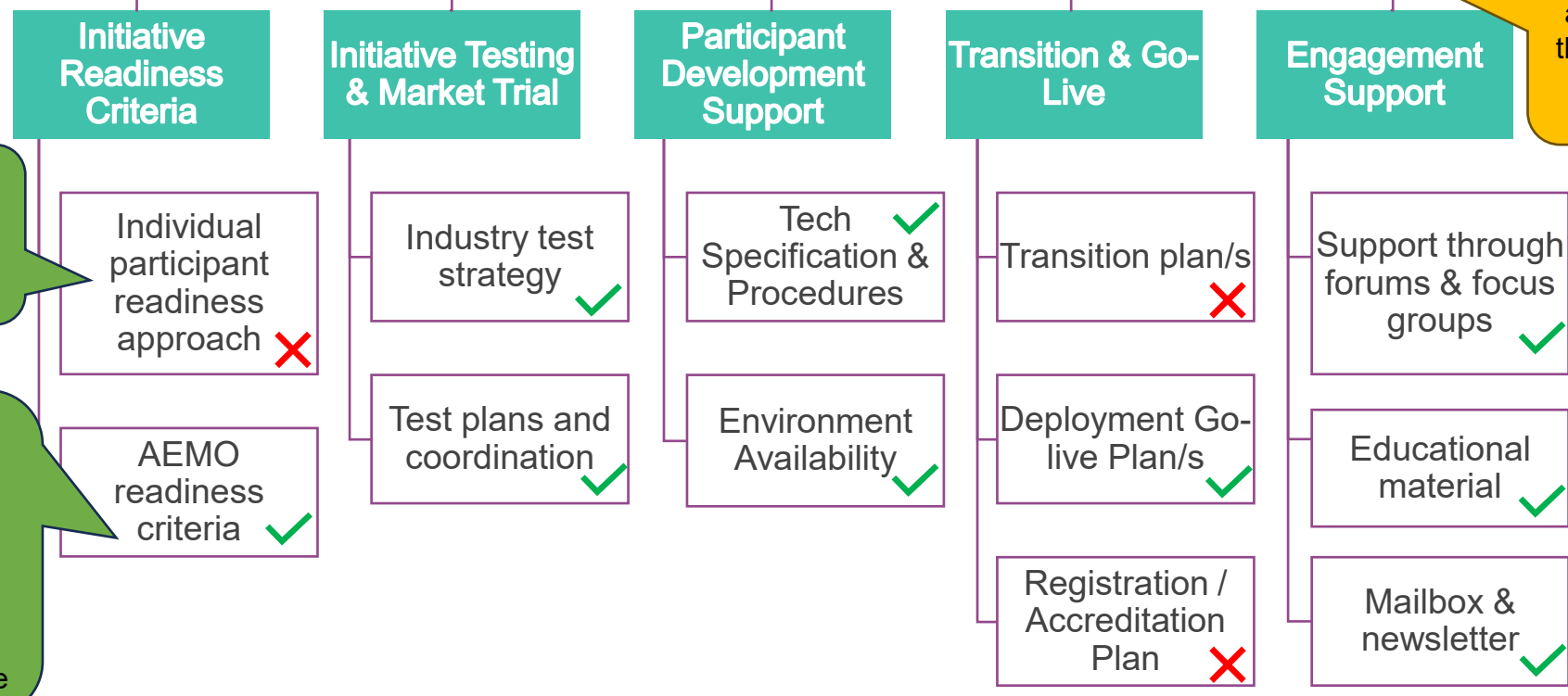
- To assist the industry with their own planning and delivery activities to be ready for the introduction of Cash as Credit Support (Cash Security) as it is operationalised.
- To define the criteria against which go-live decisions will be made.
- Aligns to and supports the implementation approach for Cash Security, including:
1 November 2026 – Rule commencement and operationalisation of cash as credit support arrangements.

Cash Security: Industry Readiness Approach

NEM REFORM READINESS STRATEGY (ALL INITIATIVES)

CASH SECURITY READINESS APPROACH

This readiness approach adopts the standard NEM Reform program framework



Individual participant (or participant category) readiness is **NOT** a dependency for go-live.

- AEMO solution needs to be updated and tested
- AEMO business needs to be ready to operate
- AEMO IT support needs to be in place

✓ Required
 ✗ Not required

RISK & CONTINGENCY MANAGEMENT ✓

INITIATIVE READINESS REPORTING ✓ & GO-LIVE CRITERIA MANAGEMENT ✓

READINESS AREA

CASH SECURITY INDUSTRY READINESS APPROACH

Initiative readiness criteria	Individual participant readiness approach	<ul style="list-style-type: none"> • Cash Security readiness will be assessed at an initiative level, with a focus on AEMO's ability to operationalise cash safely and effectively as credit support from rule commencement. Individual participant readiness will <u>not</u> be a dependency for go-live, noting participant uptake of cash security is voluntary and optional. • Participants may need to consider subsequent impacts on downstream processes/systems.
	AEMO readiness criteria	<p>By the 1 November 2026 commencement date, AEMO's solution needs to be updated and tested for:</p> <ul style="list-style-type: none"> • Prudentials: Changes to Prudentials engine and new screens to support cash security processes in Cash Dashboard (cash security provision requests, requests to reassign cash security as security deposit and vice versa) • Billing: changes to incorporate interest calculations, returned cash security into weekly bill run, updates to handle makeup payments and shortfalls • Payments: A cash security will be returned to participants via existing functions alongside functionality updates to Cash Dashboard • Reporting and Invoicing: Update to settlement reports, invoices, shortfall statements and makeup notes • EMMS Data model: to show cash security in credit support • Markets Portal: New Cash Dashboard screens for participants to request the provision of cash security and reassignment of cash security for return via weekly NEM Settlement • AEMO business needs to be ready to support financial operations • IT support needs to be in place.
Industry Testing	Test Strategy	<ul style="list-style-type: none"> • An industry test is considered appropriate, noting the concurrent November go-live of multiple reform initiatives. The feasibility of coordinating cash security billing, payments and settlements will be further assessed and confirmed through the test strategy. • High-level approach, test objectives and timeframes will be published in the Industry Test Strategy. Draft available 12 May 2026. • Scoping and planning will occur in collaboration with industry and in alignment with the project schedule. • Preproduction deployment will be available from 1 October to 30 October 2026. Testing during this period is voluntary and participants are not required to make any system changes to utilise the system.
	Test plans and coordination	<ul style="list-style-type: none"> • The cash security test strategy will confirm whether an Industry Test Plan is required, with an Industry Test Plan (including the test cycle approach) to be published on 12 June 2026 (Draft) and 10 July 2026 (Final), if required. • Scoping and planning in consultation with participants and in alignment with project schedule.

READINESS AREA

CASH SECURITY INDUSTRY READINESS APPROACH (CONT.)

Participant development support

Documentation

- The Cash Security initiative requires the development of new documentation and updates to existing prudential and settlement documentation to support participant readiness and AEMO operationalisation. The following documents will be updated to support Cash Security implementation and do not require formal consultation:
 - Cash Security Guidelines
 - Guide to AEMO credit support management
 - Guide to NEM credit support
 - Guide to NEM prudential dashboard
 - NEM Settlement Prudential Supervision Process
- Industry minor consultation is required for updates to the Credit Limits Procedures to incorporate cash as an additional form of credit support. Draft Credit Limit Procedures is scheduled to be published in April 2026 with Final Credit Limit Procedures expected to be published in May 2026, ahead of the rule commencement.
- AEMO is required under the final rule to develop and publish Cash Security Guidelines with a draft guideline scheduled for consultation in April 2026 and final guidelines expected to be published by 29 May 2026. .
- For further detail, refer to [High Level Implementation Assessment](#)

Technical specifications

- Technical specifications will be published in advance of industry testing to support participant assessment and any required system or process changes. The following artefacts will be made available:
- The initial draft of the [EMMS Technical Specification is available](#).
 - MMS Data Model v5.8 technical specification including table and report changes to support Cash Security reporting:
 - The initial draft available on 1 May 2026.
 - Deployed to Pre-production 22 September 2026
 - Deployed to Production 20 October 2026

Engagement support

- AEMO will provide industry updates via NEM Reform forums, the Settlement Managers Working Group (SMWG) forum, information sessions and support through 1:1 engagement sessions for affected participants as needed.
- NEM Reform forums occur monthly (with the SMWG occurring biannually) and remaining engagements will be scheduled as required to support participants development.

<p>Transition and go-live</p>	<p>Transition plans</p>	<ul style="list-style-type: none"> • AEMO can confirm that no transition/cutover activities are required. AEMO will engage with participants who have expressed interest to discuss potential cash security arrangements and options. • Cash Security will go live aligned with: <ul style="list-style-type: none"> • Rule commencement • AEMO production deployment • Completion of industry testing activities
	<p>Go-live plan</p>	<ul style="list-style-type: none"> • AEMO will develop and publish an Industry Go-Live plan to confirm participant deployment sequencing and timing, outline operational readiness arrangements and provide clarity on availability of Cash Security functionality from day one. • The draft Industry Go-Live Plan is scheduled to be published by 15 September 2026, with the final plan published by 23 October 2026, ahead of rule commencement.
	<p>Registration or accreditation plans</p>	<ul style="list-style-type: none"> • The Cash Security final rule does not introduce any changes to existing participant registration or accreditation frameworks. • No new registration steps or accreditation activities are required for participants to utilise cash security. • Consistent with this, prudential and settlement changes associated with Cash Security do not trigger any additional accreditation requirements.
<p>Risk & contingency management</p>		<ul style="list-style-type: none"> • No material risks have been identified at this stage. Risk and contingency management arrangements will be developed in consultation with industry to support a safe and effective go-live.
<p>Initiative readiness reporting & go-live criteria management</p>		<ul style="list-style-type: none"> • AEMO will publish the Go-Live Criteria by 1 June 2026, aligned with finalisation of the Industry Readiness approach and ahead of participant testing and operational readiness activities. • AEMO will provide ongoing readiness reporting to industry through established NEM Reform forums and channels tracking progress against the confirmed industry readiness milestones for the initiative. • To provide assurance of implementation preparedness, AEMO will conduct formal readiness checkpoints against the confirmed go-live criteria in advance of industry testing and go-live, allowing sufficient time to address any residual issues. <ul style="list-style-type: none"> • Planned Readiness checkpoints are: <ul style="list-style-type: none"> ❖ 3-month Checkpoint – 1 August 2026 ❖ 1-month Checkpoint – 1 October 2026 • Formalised Participant readiness reporting is not required as adoption of Cash Security is optional for participants and there is no mandatory participant transition or cutover. There are no participant preparatory activities, that if not completed, would impact overall market or technical readiness.