

Cash as Credit Support [Cash Security]



Final High Level Implementation Assessment (HLIA)

August 2025

Preliminary view for participants on how the rule change
may be implemented by AEMO



Important notice

Purpose

AEMO has prepared this document to provide preliminary information about the implementation design of the AEMC's *Allowing AEMO to accept cash as credit support* final rule published on 26 June 2025.

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Version control

Version	Release date	Changes
0.1	Wednesday 7 May 2025	Draft for industry comment
0.2	Tuesday 3 June 2025	Update to Implementation Pathway following further assessment of delivery options
1.0	Thursday 7 August 2025	Updates to reflect policy scope in final rule



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1 Introduction

1.1 Rule change process

Background

In October 2024, Delta Electricity submitted a rule change request to the Australian Energy Market Commission (AEMC) to allow AEMO to accept cash as credit support under the National Electricity Rules (NER). Market participants who are expected to be net debtors in the NEM must currently provide credit support in the form of a guarantee or bank letter of credit from an entity under the supervision of the Australian Prudential Regulation Authority or the statutory central borrowing authority of an Australian state or territory. Credit support providers must meet other 'acceptable credit criteria' prescribed in the NER, including an acceptable credit rating¹.

Market participants must provide credit support equal to or exceeding the level of their maximum credit limit (MCL) at all times. The MCL calculation methodology is set out in AEMO's Credit Limit Procedures² and is the sum of the participant's outstandings limit and prudential margin. Routine MCL updates may be applied through the summer, winter and shoulder review processes, and MCLs may be reviewed at other times following material changes in a participant's trading position. Participants are required to update credit support to respond to MCL changes after notification from AEMO. In the event of participant default, credit support may be drawn down and applied by AEMO to settle participant outstandings, facilitating full payment of all creditors in the NEM by the settlement time.

Delta Electricity proposed a NER amendment that would allow credit support to be provided in the form of cash, as an alternative to bank guarantees. The rule change proposal set out the challenges that Delta Electricity is facing in accessing bank guarantees due to lenders' environmental, sustainability and governance (ESG) policies.

¹ NER 3.3.3 and 3.3.4

² AEMO, Credit Limit Procedures - https://aemo.com.au/-/media/files/electricity/nem/settlements_and_payments/prudentials/credit-limit-procedures.pdf?la=en

Final Rule

The AEMC's final rule – the *National Electricity Amendment (Allowing AEMO to accept cash as credit support) Rule 2025 (Cash as Credit Support rule)* – will make changes to credit support arrangements in the NEM with effect from 1 November 2026:

- Introduction of cash as credit support up to a limit of \$20 million per participant. The limit of \$20 million will apply for FY27 and be adjusted annually thereafter based on changes in the Consumer Price Index. Adjusted cash security limits will be published by AEMO by 28 February each year, to apply from 1 July of that year.
- Provisions designed to maintain the strength of the NEM Prudential framework when managing low probability events of a default occurring for a participant using cash as credit support. The arrangements seek to minimise risk of successful clawback of cash by a liquidator by strengthening protections against clawback claims, and allow AEMO to recover the costs of any successful clawback from NEM creditors via adjustments to settlement statements in the billing week prior to payment being due to liquidators.
- Amendments that bring forward repayment of any reduced settlement amounts where late credit support is subsequently received from a participant. This does not replace the current once yearly reconciliation process for all other settlement shortfall adjustments.

The draft rule included provisions to allow surety bonds as an additional credit support option and broaden the credit support provider criteria, but these were not retained in the final rule.

The final determination acknowledges that despite amendments to strengthen protections against successful clawback claims, residual risk remains, and National Electricity Law (NEL) amendments are required to provide certainty on the elimination of clawback and insolvency-related risks. The final determination recommends Energy Ministers approve appropriate amendments to the NEL to explicitly remove any potential residual clawback and insolvency-related risks associated with cash credit support.³ AEMO would strongly support such amendments if proposed, but they are not considered in AEMO's implementation activities.

Benefits

The AEMC's final determination notes that the Cash as Credit Support rule will enhance the optionality and flexibility of credit support arrangements in the NEM. The key benefits of increased optionality are stated as:

- Participants can choose the credit support option that is lowest cost and most suitable to them.
- Reduced risks of participants triggering a default event by allowing them to provide cash as credit support to AEMO on short notice without reliance on a third-party.

The final determination also notes that the changes are likely to be most beneficial for small and prospective retailers, whose credit support costs are typically higher due to higher financing costs and lower access to capital. Ultimately, the final rule aims to support increasing competition and reducing barriers to entry into the retail market, for the benefit of the consumer.

³ AEMC, *Allowing AEMO to accept cash as credit support, Final rule determination*, 26 June 2025, page 3, at: <https://www.aemc.gov.au/sites/default/files/2025-06/Final%20determination.pdf>

1.2 HLIA document overview

This final High Level Implementation Assessment (HLIA) has been produced as a first step in AEMO's implementation of a Cash as Credit Support rule under the NEM Reform Program.

Based on the final rule, this final HLIA outlines high-level and preliminary views of AEMO's system, process and operational changes and the indicative timeline required to implement the final rule. It also provides a general indication of what these changes may mean for NEM participants.

The HLIA was finalised after inviting participant feedback on the draft released in tandem with the AEMC's rule development process, and is intended to:

- Inform affected participants of intended implementation arrangements considering the final rule, supporting the development of their own impact assessment.
- Assist AEMO and participants to plan for this initiative in the context of the broader implementation roadmap (NEM Reform Implementation Roadmap), specifically considering bundling opportunities, efficient sequencing and to reduce delivery congestion.
- Facilitate ongoing engagement with stakeholders on the early implementation design and timeframes, including on this assessment's consistency with the final rule.

1.3 Key dates

Table 1 Cash as Credit Support rule and HLIA timeline

Activity	Timeline
AEMC Draft Rule and Determination published	Thu 3 April 2025
AEMO Draft HLIA v0.1 published	Wed 7 May 2025
AEMO stakeholder forum on Draft HLIA	Fri 9 May 2025
Stakeholder submissions on AEMC's Draft Determination due	Thu 15 May 2025
Stakeholder feedback on Draft HLIA due	Wed 21 May 2025
AEMO Draft HLIA v0.2 published	Tue 3 June 2025
AEMO presents HLIA at Reform Delivery Committee	Wed 11 June 2025
AEMC Final Rule and Determination published	Thu 26 June 2025
AEMO Final HLIA v1.0 published	Thu 7 August 2025

1.4 Stakeholder engagement

AEMO thanks stakeholders for their consideration of the draft HLIA, and notes that minimal feedback was received. Clarifications were sought from two stakeholders, around considerations for the recommended rule commencement date as well as the anticipated arrangements for managing clawback.

AEMO will engage affected stakeholders further on the implementation including milestones against which progress will be managed via the regular NEM Reform Forums and mailbox NEMReform@aemo.com.au.

2 Market design

The following section provides an indicative and preliminary overview of how the Cash as Credit Support rule may be implemented by AEMO. The primary focus for this assessment is the implementation of 'cash security'. The rule also includes amendments to strengthen the protection against clawback risk (clause 3.3.2A(d), (e)) as well as amendments to bring forward repayment in the event of late credit support clause 3.15.22A.

2.1 Cash security

The Cash as Credit Support rule defines the term 'cash security' for the provision of cash as credit support under NER 3.3.2. The cash security held by AEMO will be held in its books as an AEMO Rule Fund under NER 1.11, with applicable interest and rights to return of cash security amounts defined in NER 1.11(c) and 3.3.13B respectively.

AEMO will implement cash security as an additional stream of money to be held on behalf of market participants to meet their credit support obligations. Under current arrangements, AEMO systems only assess bank guarantees and reallocation agreements against a participant's credit support obligation. High-level steps for managing cash security are set out below.

Receipt of cash security



Treatment of interest



Application of monies in cash security fund



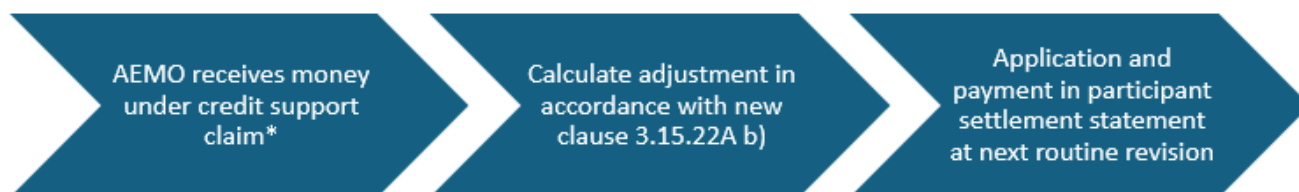
*Return of monies is only allowed if there is no existing default event and return does not trigger one (NER 3.3.13B(b)).

2.2 Bringing forward repayment due to late credit support

The Cash as Credit Support rule provides for AEMO to bring forward repayment of settlement shortfall amounts following subsequent receipt of money under a credit support claim. New NER 3.15.22A requires AEMO to adjust payments to market participants in the next routine settlement revision for the relevant billing period. Market participants will receive their relative portion of the credit support received based on the settlement shortfall for the relevant billing period as a credit on the revised settlement statement. This is calculated in accordance with new NER 3.15.22A(b).

This allows for earlier repayment to market participants if the claim upon any form of credit support (bank guarantees, or cash) is delayed. Under existing NER 3.15.23 market participants must wait until the end of financial year for all adjustments to their settlement amount. The rule does not replace 3.15.23 entirely, as new NER 3.15.22A is limited to repayment due to late credit support only. All other repayments and adjustments will continue to be reconciled at the end of each financial year.

A high-level view of the process in the event of late credit support received is included below.



*at least 2 business days prior to AEMO publishing the routine revised statement

3 AEMO key impacts

This section depicts the indicative key AEMO impacts from the Cash as Credit Support rule.

3.1 Cash security

In developing its HLIA, AEMO has assumed medium uptake of the cash security option by market participants. The increase in cash security limit between the draft (\$5 million) and final rule (\$20 million) has not significantly changed AEMO's assessment of participant uptake of cash security. This assumes that typically small to medium participants may opt to use cash security more routinely, with larger participants using cash security to respond to changes in credit support requirements on an ad-hoc basis.

Based on current credit support requirements for existing market participants, AEMO assumes that around 40-60 market participants (typically those with lower MCLs) may opt to use cash security exclusively, with some larger participants choosing to use cash to temporarily "top-up" their credit support provided. Although initial implementation activities are expected to be similar regardless of uptake, the ongoing impact of managing cash as credit support is dependent on the way participants utilise this option.

The ongoing operational intensity of this function will be affected by:

- A high number of participants using cash security – increased operational management of cash security for AEMO.

- Frequent provision and return of monies in cash security fund – increased processing of the receipt, transfer and/or return of cash security, increasing the number of transactions between participants and AEMO and the associated costs and risks.

AEMO has assessed that a level of automation is required for managing operational risk associated with enabling the cash security option for participants.

Table 2 below shows an indicative assessment of the implementation impacts of cash security.

Table 2 Indicative assessment of implementation impacts

People	Process and procedures	System
Low	Low	Medium
<ul style="list-style-type: none"> • Increased volume of interactions between participant and AEMO 	<ul style="list-style-type: none"> • New processes for receipt and repayment of cash securities • Cash security procedure 	<ul style="list-style-type: none"> • Updates to systems to include cash security in trading positions • Changes to manage interest payments • Changes to billing systems for the repayment of cash • May require new functionality and new workflows, leveraging existing market system

Table 3 below lists the focus areas alongside descriptions of each impact from the rule change.

Table 3 Tabular view of focus area impacts from the Cash as Credit Support rule

Focus area	Impact description	Impact change
Prudentials	Medium	<ul style="list-style-type: none"> • Incorporate additional stream of credit support into prudential systems and processes • Implementation of cash as credit support process and procedure • Increased transactions between AEMO and participant in the receipt and return of cash security • Incorporate process for the application of multiple different forms of credit support for participants
Accounting functions	Low	<ul style="list-style-type: none"> • Addition to existing arrangements for management of bank account • Cash interest rate policy • Monitoring restricted cash balances
Settlements	Low	<ul style="list-style-type: none"> • Process to recover costs of liquidator clawback from sellers in the market • Updates to data tables to include cash security • Update process for settlement repayment in the event of late credit support received
Billing	Medium	<ul style="list-style-type: none"> • Payment of participant interest on cash security • System changes to process the return of cash security through settlements
Markets Portal	Medium	<ul style="list-style-type: none"> • Updated system for participant automation of cash security

4 AEMO procedure impacts

This section outlines the high-level impact on AEMO’s procedures and guidelines, based on the changes that AEMO anticipates would be required to implement cash security. Table 4 lists new and existing NEM wholesale procedures and other external documentation that would likely need creating and updating.

Table 4 Relevant AEMO Wholesale market procedures and other documentation

Type of Document	Document Name	Effort required	Consultation Required	Content to be changed
Procedure (NEW)	<ul style="list-style-type: none"> Cash security guidelines 	Medium	No (but AEMO expects to consult)	<ul style="list-style-type: none"> New procedure to detail the process, terms and conditions for provision and acceptance of cash as credit support To be published by 1 August 2026, or 3 months prior to rule commencement (AEMO targeting consultation in Q4 2025)
Procedure (existing)	<ul style="list-style-type: none"> National Electricity Market Credit Limit Procedures 	Low	Yes (not for minor amendments)	<ul style="list-style-type: none"> Consequential updates to reflect inclusion of cash as credit support
Guide (existing)	<ul style="list-style-type: none"> Guide to AEMO credit support management 	Low	No	<ul style="list-style-type: none"> Updates to include new NER rights and obligations Provide information on the processes relating to the management of cash security and the provision of alternative forms of credit support
Guide (existing)	<ul style="list-style-type: none"> Guide to NEM credit support 	Low	No	<ul style="list-style-type: none"> Incorporate changes to NEM Participants view of credit support and use of any interface
Guide (existing)	<ul style="list-style-type: none"> Guide to NEM prudential dashboard 	Low	No	<ul style="list-style-type: none"> Updates to calculate and display alternative form of credit support
Guide (existing)	<ul style="list-style-type: none"> NEM Settlement Prudential Supervision Process 	Low	No	<ul style="list-style-type: none"> Updates to incorporate new NER rights and obligations and definition of cash security

4.1 Development of new cash security guidelines

The Cash as Credit Support rule (NER 3.3.2) requires AEMO to develop and maintain new cash security guidelines setting out the terms and conditions, and procedural requirements for the provision of cash security. The development of the cash security guidelines is the most significant procedure impact for the implementation of the rule. The guidelines will include detail on the following elements:

- Obligations under NER 3.3.2A for AEMO to accept cash security.
- Participant process for providing cash security including use of the credit support portal, notifications, use of Austraclear and matching transactions, timings to reflect against participant MCL requirements.
- Participant declarations and conditions as needed to facilitate compliance with legal requirements.
- Process for the return of cash security, including:

- Rights and limits under NER 3.3.13B for the return of monies in the cash security fund
- Participants’ process for requesting a return
- AEMO processing of return of cash security through settlements, attached to the next available settlement statement
- AEMO process in the event of the return of cash causing a trading limit breach.
- Process and payment of interest including the timing and application of interest, representation of interest accrued and payment of interest through the settlement cycle.
- Possible process for shifting security deposit to cash security.
- Prioritisation between cash security and any other credit support held.
- Any other detail and items that AEMO considers necessary to the implementation of cash security.

AEMO anticipates that the development of the cash security guidelines is on the critical path to be consulted on and published in advance of the requirements definition to support AEMO’s and industry’s implementation.

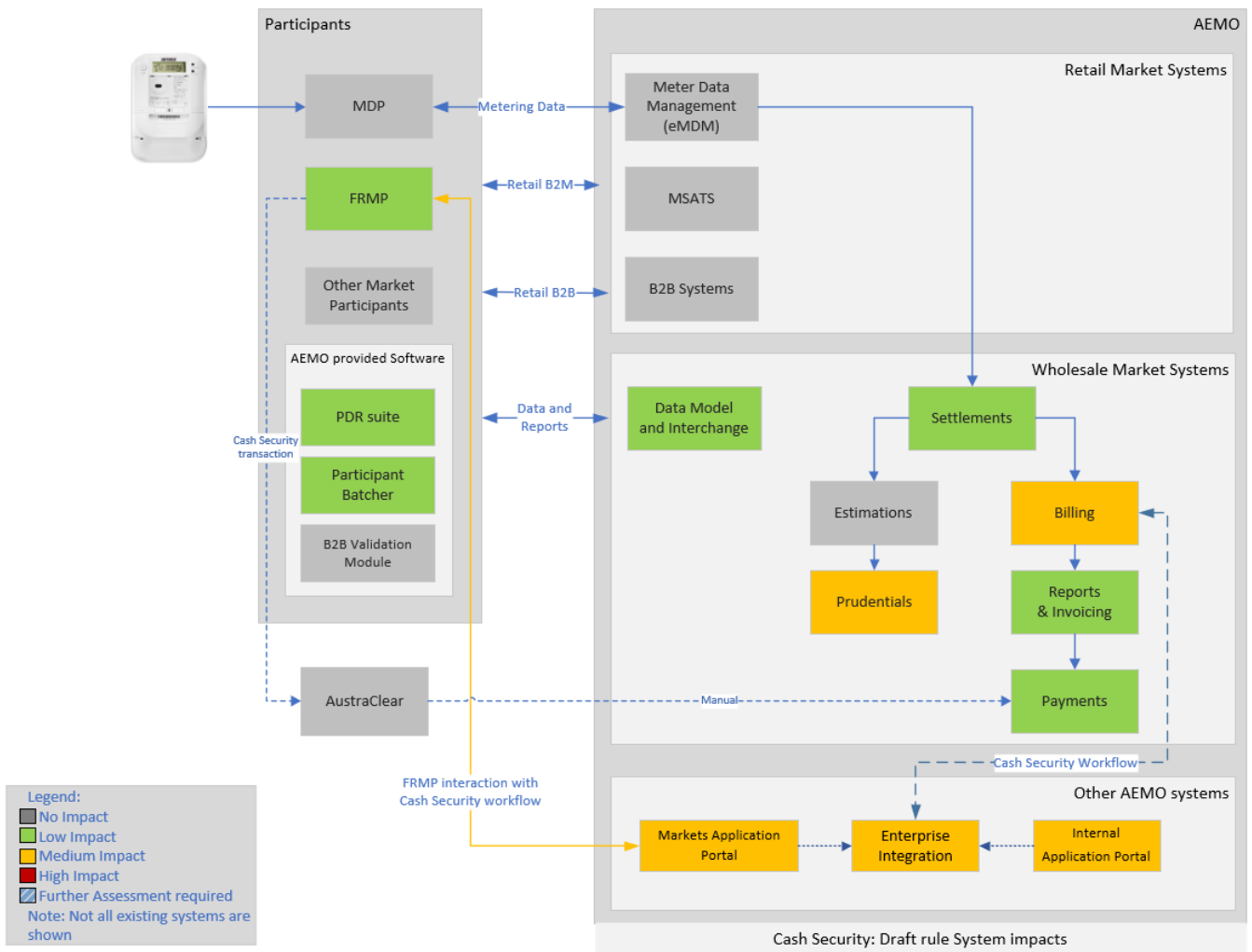
AEMO will look for opportunities to prioritise and/or bundle procedure consultations, including discussion of critical path consultations that may have dependencies with AEMO’s and industry’s development and testing. However, AEMO’s considers there is minimal overlap with procedural updates for the Shortening the Settlements Cycle rule implementation, as consultation for that project commenced before the Cash as Credit Support rule was made.

5 AEMO system impacts

5.1 System and data exchange overview

Figure 1 illustrates an indicative assessment of the AEMO system impacts associated with implementation of cash security.

Figure 1 Participant Interaction Impacts



5.1.1 System Impacts

Table 5 provides a summary of indicative system impacts for cash security.

Table 5 AEMO System Impacts

AEMO System	Summary of impact	Impact Rating
Settlements	<ul style="list-style-type: none"> PCO (Participant Current Outstandings) table(s) updated to include cash security 	Negligible
Estimations	<ul style="list-style-type: none"> None 	None
Prudentials	<ul style="list-style-type: none"> Prudential engine updated to include cash security New screens for Prudential team to verify/approve cash security Transfer of security deposit to cash security (vice versa) 	Medium
Billing	<ul style="list-style-type: none"> Interest calculations on cash to be incorporated into weekly bill run Amount of the returned cash security will be included on the bill Updates to align makeup payments with routine revision statements, while preserving the existing makeup EOFY functionality Updates to handle a shortfall brought upon by a successful liquidator clawback 	Medium
Reports and Invoicing	<ul style="list-style-type: none"> Update to settlement reports, invoices, shortfall statements and makeup notes 	Low
Payments	<ul style="list-style-type: none"> A cash security will be returned to participants via existing payments function 	Low
Data Model and Interchange	<ul style="list-style-type: none"> Data model updated to show cash security in credit support 	Low
Markets Portal	<ul style="list-style-type: none"> New screens and workflows for cash security may be used by participants to identify the provision of cash security and to request returns and provide instructions Credit support dashboard and Prudentials Dashboard updated to include Cash Security Note: Markets portal changes are not mandatory however will increase operational effectiveness and reduce operational risks 	Medium

6 Implementation pathway

6.1 Key delivery considerations

The commencement date for the Cash as Credit Support rule is Sunday 1 November 2026, aligning with the effective date of the “Unlocking CER benefits through Flexible Trading” (FTA) project.

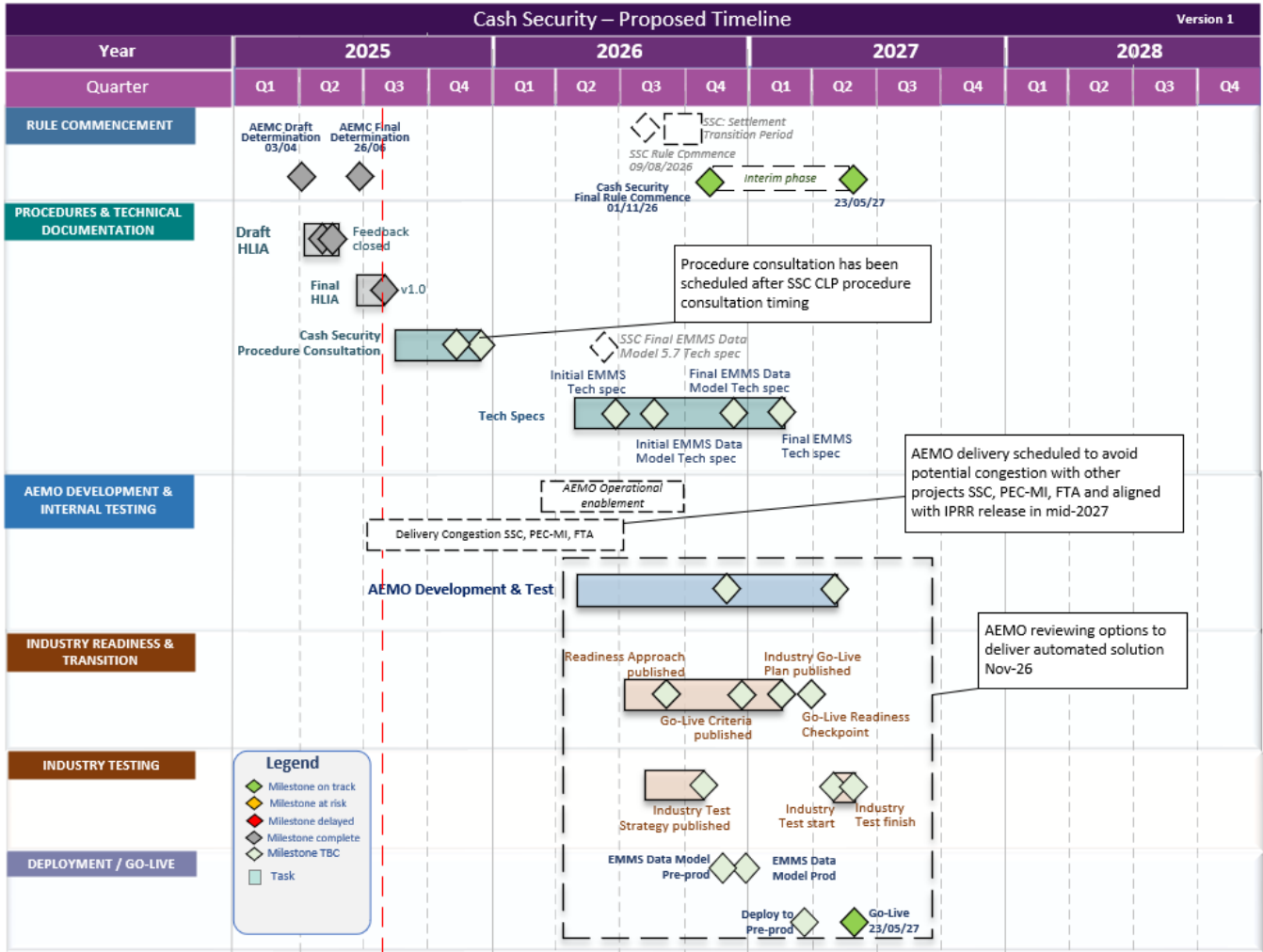
This section sets out key delivery considerations for the implementation of the Cash as Credit Support rule:

- AEMO and industry have a significant amount of delivery congestion in the settlements and prudentials area over the next two years, specifically with the “Project Energy Connect”, “Improving Security Frameworks for the Energy Transition”, “Shortening the Settlement Cycle”, and “Integrating Price Responsive Resources into the NEM” projects. This delivery congestion is putting significant pressure on specific AEMO resources over 2025 and 2026.
- To manage operational intensity and risk associated with cash security, AEMO will look to automate the processes to manage cash security. The required system changes would be deployed via AEMO’s established twice-yearly release approach to minimise environment management, testing and deployment costs. Given the number of Settlements and

Prudentials system changes currently underway, AEMO would manage its delivery capacity closely during the congested timeframe.

- AEMO will aim to automate processes to manage operational risk by rule commencement. If this is not achievable, then further consideration may be needed around managing cash security until full automation is achieved. In this event, full automation should be delivered by no later than Sunday 23 May 2027, bundled with the rule commencement for Integrating Price Responsive Resources into the NEM. AEMO will engage affected stakeholders further on the implementation timeframes via regular NEM Reform Forums.
- Consultation timeframe proposed as around four months to complete the new cash security guidelines. Consultation is not a rule requirement, however AEMO considers industry feedback would be valuable both for increased awareness and identification of any issues or improvements. AEMO is anticipating consulting on this development in Q4 2025.
- AEMO also notes minimal anticipated impact to participants' systems from the introduction of cash security, as outlined in Section 7. AEMO is proposing to provide information on the cash security that AEMO holds to participants for reconciliation purposes. In the fully automated solution, this would be provided via the participant data model; in a partially automated solution this may be provided via email or other means. Participants could optionally utilise this information in manual or automated reconciliation processes.

Figure 2 Indicative Cash Security implementation timeline



6.2 Risks

Table 6 considers the risks associated with the proposed implementation approach discussed above.

Table 6 Initial assessment of implementation risks

Identified risk	Current rating	Mitigation strategies	Residual rating (after mitigation)
Cash transactions compliance with anti-money laundering and counter terrorism financing legislation	High	<ul style="list-style-type: none"> Undertake risk assessment with appropriate advice on implications for compliance Engage with AUSTRAC as required to maintain requirements Implement recommended controls on cash management Utilise settlement payments process for participant cash returns 	Low

Identified risk	Current rating	Mitigation strategies	Residual rating (after mitigation)
NEM Reform environment and release landscape congestion	High	<ul style="list-style-type: none"> Bundled and phased delivery of in-progress NEM Reform initiatives to unblock congestion in environments and release landscape Further assessment of the NEM Reform 2026/2027 release plan 	Medium
Urgent market events require focus on operations rather than reform change	Medium	<ul style="list-style-type: none"> Timeframes consider likely operational events to support successful delivery 	Low
AEMO timely support of participant development timeframes	Medium	<ul style="list-style-type: none"> Phased confirmation of implementation milestones as planning provides more certainty to delivery timeframes 	Low

7 Participant impact assessment

7.1 High-level participant impact assessment

Table 7 considers the likely direct impacts of the Cash as Credit Support rule on participants generally, as well as the likely flow-on impacts associated with its changes that AEMO would be required to make to its processes, procedures, and systems.

Table 7 Indicative high-level participant impact of cash as credit support

Stakeholder type	Indicative high-level impact	Comment
Financially Responsible Market Participants	Low: Opting to utilise cash as credit support	<ul style="list-style-type: none"> It is optional for participants to change their credit support arrangements and will occur on an opt-in basis Adoption of modified process, like that of security deposit provision, for cash security. This should include processes for provision and return instructions to AEMO. May include use of a new interface in existing market system Low impact expected from Data Model change May have impact to participants' downstream processes/systems involving management of cash, interest accrued and reconciliation changes
Participants who are receiving net payments in settlements	Low: In the event of successful clawback of cash security, or makeup payment due to late credit support only	<ul style="list-style-type: none"> The cost of any associated liability is spread across net recipients on a pro-rata basis – this is consistent with existing arrangements for settlement shortfall (NER 3.15.22). Market participants who are net creditors receive reduced payments in the subsequent billing cycle New NER 3.15.22A requires AEMO to repay any subsequent receipts of cash security to market participants who received reduced payments, in the next routine settlement revision for the relevant billing period System implementation impacts are anticipated as low for market participants, but participants may need to consider any reconciliation needed downstream

7.2 Indicative industry readiness approach

Figure 3 Indicative readiness approach

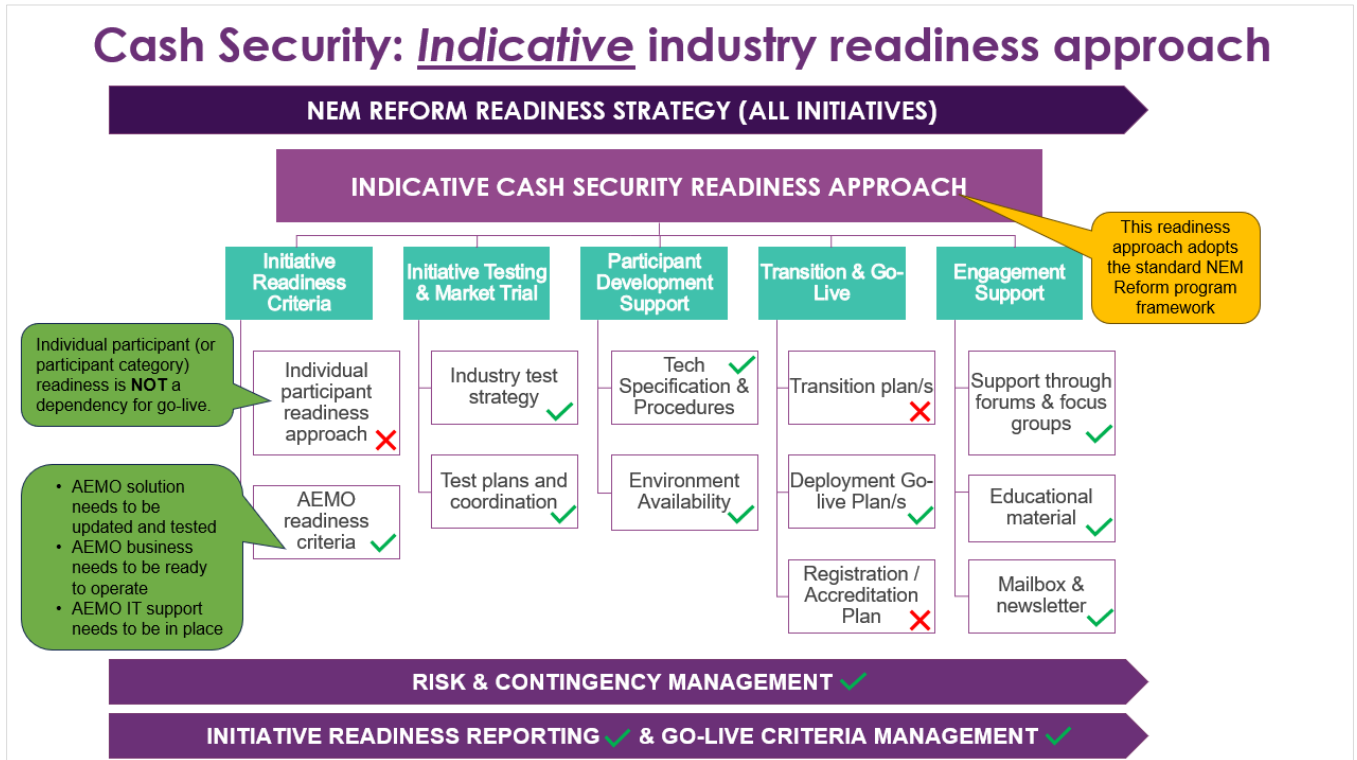


Table 8 Indicative Cash as Credit Support industry readiness approach

Readiness area	Initial view of industry readiness approach
Initiative readiness criteria	Individual participant readiness approach Individual participant (or participant category) readiness is not a dependency for go-live
	AEMO readiness criteria By the Cash as Credit Support rule commencement date 1 November 2026, AEMO's: <ul style="list-style-type: none"> Solution needs to be updated and tested Business needs to be ready to operate IT support needs to be in place
Initiative testing and Industry Test	Industry Test strategy <ul style="list-style-type: none"> Will be developed in collaboration with Industry At this early stage, AEMO expects testing to focus on interaction associated with a change in credit support arrangements, including access of any market interfaces AEMO considers cash security changes may need a period of coordinated industry test prior to the rules commencement date AEMO notes that the Shortening the Settlement Cycle reform and associated transition from 9 August 2026 may affect the length and scope of industry test for Cash Security. The length and scope of industry test is to be further determined in consultation with industry
	Test plans and coordination <ul style="list-style-type: none"> Will be developed in consultation with industry and in alignment with the industry test strategy

Readiness area	Initial view of industry readiness approach	
		<ul style="list-style-type: none"> AEMO may develop test plans that support: <ul style="list-style-type: none"> Test scenarios Identification of required test data e.g. pre-production refreshes etc
Participant development support	Procedures	<ul style="list-style-type: none"> AEMO must develop and publish new guidelines on the provision of cash as credit support by 1 August 2026 (3 months prior to rule commencement). There are no regulated consultation requirements for these guidelines, but AEMO will consult industry on its development. The new guidelines are anticipated to have dependencies with AEMO's development and testing For all new and existing procedures, AEMO would look for opportunities to prioritise and/or bundle procedure consultations. Bundling opportunities would be discussed with stakeholders via the NEM Reform Electricity Wholesale Consultative Forum
	Technical specifications	<ul style="list-style-type: none"> AEMO plans to publish draft technical specifications and the EMMS Data Model, with sufficient time before the commencement of Industry testing to support participant development
	Environment availability	<ul style="list-style-type: none"> AEMO's pre-production would be available to support industry testing for during industry test period Initial assessment is that a Participant development support environment would not be needed as changes to participant interfaces (if any) are not expected to be significant
Transition and go-live	Transition plans	<ul style="list-style-type: none"> An industry transition is not indicated in the final rule Rule transitional requirements relate to AEMO developing the cash security guidelines by no later than 3 months prior to the rule commencement date
	Go-live plan	<ul style="list-style-type: none"> Will be developed in consultation with industry to confirm detailed deployment and capability availability timeframes in the lead up to rule commencement
	Registration or accreditation plans	<ul style="list-style-type: none"> Final rule does not indicate changes to registration or accreditation frameworks
Engagement support	Forums and Focus groups	<ul style="list-style-type: none"> The NEM Reform Program will support affected market participants in each reform phase from implementation design, procedures development, solution delivery and through to industry testing Support will be provided as required via NEM Reform forums⁴, information sessions, focus groups, 1:1s and daily stand-ups
	Educational material	<ul style="list-style-type: none"> AEMO will make available educational material to support awareness, assessment and preparation for affected participants. Made available through the project's dedicated webpage, this may include, but is not limited to, guides and factsheets, FAQs and industry presentations
	Mailbox and newsletter	<ul style="list-style-type: none"> Participants support provided via monitored mailbox Regular communications around project milestones
Risk & contingency management	Indicative risks have been identified in section 6.2 and will be further developed in consultation with industry	
Initiative readiness reporting & go-live criteria management	<ul style="list-style-type: none"> Will be developed in consultation with industry Readiness reporting will be consistent with the go-live criteria Readiness checkpoints will be scheduled for 3 and 1-month prior to rule commencement Progress reporting against established milestones will be provided on a regular basis though NEM Reform forums 	

⁴ NEM Reform Program forums: <https://aemo.com.au/initiatives/major-programs/nem-reform-program/nem-reform-program-forums>

8 Related reforms

Table 9 sets out the interrelationship between the Cash as Credit Support rule and key NEM reform initiatives.⁵

Table 9 The final rule’s relationship with other key initiatives

NEM Reforms	Relationship to Cash as Credit Support
Shortening the Settlement Cycle (SSC)	<ul style="list-style-type: none"> • AEMC has made a final rule to shorten the national electricity market settlement cycle to nine business days following the end of a billing period, from the current 20 business days • Shortening the Settlement Cycle is making significant changes to Settlements, Prudentials and Retail metering operational processes and systems. Implementation will require a settlement transition period that will be co-ordinated with Industry participants⁶ • AEMO is working through a delivery pathway, including engagement with participants, to manage overlaps for SSC and the Cash as Credit Support rule
Other reforms with settlement content – no material impact on Cash Security implementation	<ul style="list-style-type: none"> • Interregional settlement residue (IRSR) arrangements for transmission loops is an AEMO proposal to reallocate negative IRSR to regions receiving positive IRSR in a transmission loop. In inter-regional transmission loops, IRSR is expected to arise more frequently than it does across ‘radial’ interconnectors due to the way that power flows in a transmission loop, and how this interacts with the NEM’s regional pricing model • Project EnergyConnect Stage 2 (PEC) will be a new interconnector linking South Australia and NSW, currently scheduled to be fully operational in early 2027. PEC will create the first inter-regional transmission loop in the NEM, along with the existing Heywood (VIC-SA) and VNI (NSWVIC) interconnectors
Unlocking CER benefits through flexible trading (FTA)	<ul style="list-style-type: none"> • AEMC has made a rule to enhance the flexibility of how consumer energy resources, such as solar panels and batteries, are used and traded within the National Electricity Market (NEM). The key objective is to enable consumers to better manage their energy usage and participate in the market • Participant uptake of the new arrangements is optional, and has impacts on FRMPs • Final rule commencement for FTA is 1 November 2026, which aligns with Cash as Credit Support

⁵ The [NEM reform implementation roadmap](#) provides stakeholders with a comprehensive view of NEM as Gas reform initiatives.

⁶ AEMO, Shortening the Settlement Cycle, High level implementation assessment, February 2025, at: <https://aemo.com.au/-/media/files/initiatives/shortening-the-settlement-cycle/shortening-the-settlement-cycle-ssc-hlia-v1-final11-feb-2025.pdf?la=en>

A1. Impact ratings

Description of AEMO’s reform impact ratings for industry systems, processes and documentation

Impact rating	Description	Comments
No impact	<ul style="list-style-type: none"> No change’s to AEMO or industry systems, processes, guidelines, or procedures Stakeholder consultation not required 	<ul style="list-style-type: none"> No changes
Immaterial	<ul style="list-style-type: none"> Immaterial impact to AEMO or industry systems, process, guidelines, or procedures Stakeholder feedback sought 	<ul style="list-style-type: none"> Immaterial administrative changes to AEMO procedures and/or guidelines, purposes of consistency Immaterial changes or additions to existing business processes and/or technology systems Stakeholder consultation not required
Low	<ul style="list-style-type: none"> Low impact to AEMO or industry systems, processes, guidelines, or procedures Stakeholder consultation may be required or feedback sought 	<ul style="list-style-type: none"> Minor changes, additions, or updates to AEMO procedures and/or guidelines, purposes of consistency Minor changes, additions, or updates to existing business processes and/or technology systems Stakeholder consultation not anticipated but may be required
Medium	<ul style="list-style-type: none"> Medium impact to AEMO or industry systems, processes, guidelines, or procedures Stakeholder consultation required 	<ul style="list-style-type: none"> Material changes or additions to AEMO procedures and/or guidelines Significant changes or additions to existing business processes and/or technology systems Stakeholder consultation required
High	<ul style="list-style-type: none"> High impact to AEMO or industry systems, processes, guidelines, or procedures Stakeholder consultation required 	<ul style="list-style-type: none"> Significant changes, additions, or creation of new AEMO procedures, and/or guidelines Significant changes, additions, or the creation of new business processes and/or technology systems Stakeholder consultation required
Very High	<ul style="list-style-type: none"> Large impacts to AEMO or industry systems, processes, guidelines or procedures Stakeholder consultation required 	<ul style="list-style-type: none"> Large changes, additions or creation of new AEMO procedures and/pr guidelines Major changes, additions or creation of new business processes and/or technology systems Stakeholder consultation required

A2. Glossary

This document uses many terms that have meanings defined in the National Electricity Rules (NER). The NER meanings are adopted unless otherwise specified.

Please also see AEMO's [industry terminology web page](#) to complement the table below.

Term	Definition
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
API	Application programming interface
aseXML	A Standard for Energy Transactions in Extensible Markup Language
CLP	Credit Limit Procedures
eMDM	Enterprise Meter Data Management
EMMS	Electricity Market Management System
FRMP	Financially Responsible Market Participant
HLIA	High-level Implementation Assessment
MCL	Maximum Credit Limit
NEL	National Electricity Law
NEM	National Electricity Market
NER	National Electricity Rules
PCO	Participant current outstandings
PEC-MI	Project EnergyConnect – Market Integration
SSC	Shortening the Settlement Cycle
TBC	To be confirmed