

## Statement of Scope

The NEM Reform Program<sup>1</sup> was established by AEMO in 2022 to collaborate with energy industry participants on the implementation of reform initiatives across Australia's east coast electricity and gas markets, as well as the delivery of key foundational and strategic initiatives that uplift AEMO's base capability on which reforms are dependent.

## Background & Context

The NEM Reform Program ('the Program') is a multi-year program that encompasses implementation of all reform initiatives across Australia's east coast gas and electricity markets, as well as the delivery of key AEMO foundational and strategic initiatives<sup>2</sup> that bring an uplift to base capability on which reforms are dependent.

The breadth of reforms covered by the Program aims to address essential change in a world of expanding consumer choices, new technologies, and large-scale capital replacement as ageing thermal power stations leave the market, as well as key actions to support a more secure, resilient and flexible gas market. As a result, the Program is a large-scale, complex, industry-wide program that necessitates collaboration with a broad stakeholder group.

To facilitate open and transparent collaboration with energy industry participants and to deliver best possible outcomes, AEMO established the Program in July 2022. This Program provides opportunity to not only support industry stakeholders through the implementation of reforms but importantly facilitates the design of effective solutions that meet the reform objectives and prioritise their deployment, ensuring efficient delivery with the least-cost and lowest-risk outcomes.

The initial scope for the Program centred around the Energy Security Board's (ESB) final recommendations to Energy Ministers for the redesign of the National Electricity Market (NEM) as part of their Post-2025 Electricity Market Design project.<sup>3</sup> Today, the scope of the Program has, and continues, to evolve as new rule changes, policies or programs are assessed and announced (such as the National CER Roadmap), and as further refinement to the scope, design, requirements, or timeline for implementing initiatives is made.

<sup>1</sup> AEMO. NEM Reform Program. Website: <https://aemo.com.au/initiatives/major-programs/nem-reform-program>

<sup>2</sup> Foundational investment in an AEMO legacy system to deliver an uplift to base capability on which reforms are dependent, or Strategic investment where system uplift is required at some time in the future and AEMO sees the opportunity for this life-cycle type investment to be brought forward and delivered in the same timeframes as the reforms for efficiency purposes.

<sup>3</sup> The ESB made recommendations across four 'reform pathways' Resource Adequacy Mechanisms (RAMS); Essential System Services (ESS) and Ahead Scheduling; Integration of DER and Flexible Demand (DER & FD); and Transmission and Access (TA). The four pathways were supported by an overarching Data Strategy (DS).





## Statement of Scope

with the reform timelines via the NEM Reform Implementation Roadmap. This will assist industry with their own planning and delivery activities to be ready for each reform as it is operationalised.

- **Deliver effective solutions:** The Program will work closely industry to ensure the solutions that are developed meet the reform objectives and are aligned with AEMO’s target state architecture.<sup>6</sup>
- **Deliver as efficiently as possible:** The Program will be structured to deliver as efficiently as possible leveraging opportunities to bundle, sequence and prioritise projects within the Program, and where possible identify and drive costs through solution design and implementation.

The Program takes a ‘One Program’ approach that provides for central governance and a structured methodology to assessing change impacts to AEMO, industry and stakeholders over the life of the Program. Further a ‘One Program’ approach ensures a level of consistency in delivery across all initiatives from their conception through to completion while still allowing for tailored implementation at an individual initiative level.

The delivery scope for the Program excludes activities relating to the development of policy and/or rules or related change processes, market design, funding and cost recovery. These are managed outside the direct responsibility of the Program but are identified as dependencies with clear lines of communication to ensure a co-ordinated approach. Further, the delivery scope is not intended to cover the implementation of changes (e.g., system, process or guideline related) by industry participants beyond those activities identified above, these are the responsibility of individual participants.

## Out-of-Scope Initiatives

In certain instances, a reform initiative may be delivered separately as an independent project or via one of AEMO’s other programs. These reforms may have impacts for how other reform initiatives are to be implemented. The NEM Reform Program work closely with the broader AEMO teams responsible for such Programs or projects to understand their impacts and any potential opportunities to drive efficiencies through implementation. These reform initiatives are captured on the Roadmap, however, are not included in the scope of the NEM Reform Program.

## In-Scope Initiative Descriptions / Status

The following table provides a summary description those reform related initiatives to be delivered by the Program including their status. For further details relating to each initiative, stakeholders are encouraged to visit the Programs website [here](#).

Table 1. Reform Initiatives to be delivered as of October 2025

Pathway	Initiative Name	Description	Status
Essential System Services	Enhancing Reserve Information	<ul style="list-style-type: none"> <li>• Increase transparency of energy availability in an operational timeframe through publication of state of charge, daily energy constraints and maximum storage capacity</li> </ul>	Final Determination – Now in execution
	Improving security frameworks for the energy transition	<ul style="list-style-type: none"> <li>• Improvements to existing inertia, network support and control ancillary services (NSCAS) and non-market ancillary services (NMAS) frameworks as well as the directions process (transparency and compensation arrangements) to support procurement and scheduling of security services to support the energy transition.</li> </ul>	Final Determination - Now in execution

<sup>6</sup> AEMO has commenced detailed work to articulate its conceptual target state architecture. While this work is broader than the NEM Reform Program, it is critical that what the NEM Reform Program designs and delivers is in alignment with this target state architecture as the Program will be a key contributor towards achieving the desired future state.



## Statement of Scope

Pathway	Initiative Name	Description	Status
Integrating DER and Flexible Demand	Unlocking Consumer Energy Resource (CER) benefits through flexible trading	<ul style="list-style-type: none"> <li>Enable retailers to establish a secondary settlement point (SSP) to separate controllable resources in the settlement process from the rest of the end user's electrical installation. A new role, NMI Service Provider, responsible for creating NMIs at SSPs is established as part of this rule.</li> <li>Enabling innovation in metering technology to enable cost effective NEM connections where traditional metering cannot be accommodated (such as streetlighting and kerbside EV charging points).</li> </ul>	Final Determination - Now in execution
	Integrating price responsive resources in the NEM	<ul style="list-style-type: none"> <li>Establish a voluntary mechanism to incentivise price-responsive, distributed resources to participate in market scheduling and dispatch processes of the NEM</li> </ul>	Final Determination - Now in execution
	National CER Roadmap	<ul style="list-style-type: none"> <li>On 19 July 2024 Energy Ministers agreed to the National CER Roadmap which sets out an overarching vision and implementation plan for CER. The National CER Roadmap comprises of 16 national reform priorities grouped within 4 workstreams – consumers, technology, markets, and power system operations. Delivery of the reform priorities is being driven by an expert CER Taskforce and the interjurisdictional CER Working Group.</li> <li>Energy Ministers' endorsement of the National CER Roadmap included a commitment to update the Implementation Plan annually. First Implementation plan update published in August 2025.</li> </ul>	Under policy development
	Dynamic Operating Envelopes	<ul style="list-style-type: none"> <li>Establish DOE to better manage congestion on the distribution network and allow for more flexibility in exporting through various key reforms including:                             <ul style="list-style-type: none"> <li>Establishing new connection agreements with customers</li> <li>Development of capacity allocation principles</li> <li>Establishing new obligations on the retailer / aggregator to operate DER within these limits, where they are operating DER on behalf of customers and</li> <li>Creating new standards for interoperability and cyber security</li> </ul> </li> <li><i>Future work to be aligned with National CER Roadmap: P.1. Enable consumers to export and import more power to and from the grid.</i></li> </ul>	Concept/Trial
	Distribution Local Network Services	<ul style="list-style-type: none"> <li>To identify ways to make it easier for DER aggregators to trade local network support services with DNSPs/Distribution System Operators (DSOs), through greater visibility of local network constraints aligning the definitions of local services and how they are traded between regions.</li> <li><i>Future work to be aligned with National CER Roadmap: M.3/P.5. Redefine roles for market and power system operations.</i></li> </ul>	Concept/Trial
	CER Data Exchange	<ul style="list-style-type: none"> <li>Establishment of a CER Data Exchange (Previously known as DER Data Hub and Registry Services) to provide secure, efficient and scalable data exchange for CER related information between industry actors. The CER Data Exchange will leverage the Industry Data Exchange (IDX) and the Identity and Access Management (IDAM) protocols to enable more efficient and permission-based sharing and access to information between organisations.</li> <li><i>Future work to be aligned with National CER Roadmap: M.2. Data sharing arrangements to inform planning and enable future markets and AEMO CER Data Exchange Industry Co-design project.</i></li> </ul>	Detailed design
	DER Operational Tools	<ul style="list-style-type: none"> <li>To identify and develop, in collaboration with DNSPs, new DER operational tools that may be required by each party, which can work together to maintain efficient and secure power system operations at times when up to 100% of system load can be met with DER.</li> </ul>	Concept
Data Strategy	Electric Vehicle Data	<ul style="list-style-type: none"> <li>Improving visibility of electric vehicle (EV) information through collecting and sharing data related to the location and</li> </ul>	Under policy development



## Statement of Scope

Pathway	Initiative Name	Description	Status
		characteristics of EV and EV supply equipment. Progressed as a AEMO led initiative.	
	Bill Transparency	<ul style="list-style-type: none"> <li>Efficient arrangements to provide ongoing transparency of consumer bills and the impacts of different services and circumstances, to support better consumer protections and understanding of consumer needs in the market transition and streamline current inefficient retail reporting.</li> </ul>	Under policy development
Wholesale Reforms	Shortening the Settlement Cycle (SSC)	<ul style="list-style-type: none"> <li>SSC reduces the NEM settlement period cycle from 20 business days to 9 business days and introduces a new routine revision at 20 business days. This reduces the amount of credit support market participants must lodge with AEMO.</li> </ul>	Final determination – Now in execution
	Allowing AEMO to accept Cash as Credit Support	<ul style="list-style-type: none"> <li>Establishing additional options and flexibility for participants to provide credit support by allowing AEMO to accept cash, up to a limit of \$20m per participant. The final rule also includes protections to manage insolvency risks and allows AEMO to distribute any delayed credit support payments to any short-paid participants through the routine revised statements process, reducing the length of time participants are short paid.</li> </ul>	Final determination – Now in execution
	PEC Market Integration (Inter-regional Settlement Residue Arrangements for Transmission Loops)	<ul style="list-style-type: none"> <li>Introduction of a new method for allocating inter-regional settlement residues (IRSR) within transmission loops, in a way that aligns the costs of loop flows with the beneficiaries. The proposal involves reallocating negative IRSR to regions receiving positive IRSR in a transmission loop.</li> </ul>	Final determination – Now in execution
	NEM Wholesale Market Settings Review	<ul style="list-style-type: none"> <li>In November 2024, the Australian Government announced a review of the NEM wholesale market settings by an independent expert panel supported by the Department of Climate Change, Energy, the Environment and Water. The purpose of the review is to recommend wholesale market settings to promote investment in firmed, renewable generation and storage capacity in the NEM following the conclusion of Capacity Investment Scheme tenders in 2027.</li> </ul>	Draft report and recommendations
Retail Reforms	Metering Services Review (Accelerating Smart Meter Deployment)	<ul style="list-style-type: none"> <li>Metering Services Review improves the regulatory framework and identifies reform actions to enable faster replacement of legacy meters. Key aspects include accelerating the deployment of smart meters across the NEM by 2030, enabling better access to power quality data, providing customer safeguards, improving the customer experience in metering upgrades, reducing barriers to installing smart meters and improving industry coordination and creating a fit-for-purpose testing and inspection regime.</li> </ul>	Final determination – Now in execution
	Real-time data for consumers	<ul style="list-style-type: none"> <li>The AEMC proposes the introduction of a framework to facilitate consumer access to real-time data from smart meters as part of their electricity services, as well as access by representatives appointed by customers. Based on the draft rule, consumers would be able to request access to real-time data from 1 January 2028.</li> </ul>	Draft determination

The following table provides a summary description of those AEMO foundational and strategic related initiatives to be delivered, by the Program including their status. For further details relating to each initiative, stakeholders are encouraged to visit the Programs website [here](#).

Table 2. AEMO Foundational / Strategic Initiatives as of October 2025

Pathway	Initiative Name	Description	Status
Foundational	Identity Access Management	<ul style="list-style-type: none"> <li>A unified mechanism to authenticate participant users and applications when accessing AEMO services enabling a single pane of glass for participants accessing AEMO applications while consolidating and improving overall cyber security controls.</li> </ul>	Business case approved – Now in planning / execution
	Industry Data Exchange	<ul style="list-style-type: none"> <li>Unified access to AEMO services across all markets using modern authentication and communication protocols providing for consolidation of data exchanges into a single industry-wide mechanism across wholesale and retail applications, lowering barriers to entry and reducing overall costs.</li> </ul>	Business case (foundation) approved – Now in planning / execution



## Statement of Scope

Pathway	Initiative Name	Description	Status
		<ul style="list-style-type: none"> <li>AEMO has committed to developing a second business case (DP2) for migration and transition of legacy services to IDX platform.</li> </ul>	
	ST PASA Replacement	<ul style="list-style-type: none"> <li>Uplift to AEMO's ability to forecast energy resource levels and assess system adequacy.</li> </ul>	Consultation and implementation underway
Strategic	Portal Consolidation	<ul style="list-style-type: none"> <li>A single pane of glass user experience for participants accessing all AEMO browser-based services.</li> </ul>	Business case approved – Now in planning / execution
	FRC Target State <sup>7</sup>	<ul style="list-style-type: none"> <li>Implement a consolidated Asset and Participant Relationship Management system (APRM); that enables unification of services onto a shared platform and simplification of Participants' and AEMO processes.</li> <li>An internal master data management platform hosting information about power system asset data (e.g., NMI standing data, DER devices) used by AEMO market systems providing participants with a single source of truth and data quality management.</li> </ul>	On hold, subject to further assessment.
	Dispatch Target State		Investment approved – Dispatch tactical uplift now in execution.
	Bids / Offers Target State	<ul style="list-style-type: none"> <li>A technology uplift of AEMO backend market platform services to replace legacy technology.</li> </ul>	On hold, subject to further assessment.
	Constraints Target State		On hold, subject to further assessment.
	Inverter Management Systems: Inverter Dispatch	<ul style="list-style-type: none"> <li>Uplift to AEMO's tools and processes for managing inverter dispatch, particularly during power system contingencies.</li> </ul>	Feasibility
	Back Up Dispatch System	<ul style="list-style-type: none"> <li>Uplift to AEMO backup capability for market dispatch</li> </ul>	Feasibility

## Delivered / Removed Initiative Descriptions & Status

The table below captures those reform and foundational or strategic initiatives that have been delivered by the Program and/or not progressed past policy / rules or business case assessment. These initiatives have been removed from the NEM Reform Implementation Roadmap following their implementation or publication of final policy / rules or business case assessment.

Table 3. Reform & Foundational/Strategic Initiatives implemented

Pathway	Initiative Name	Description	Status
Resource Adequacy Mechanism	Increased MT PASA Information	<ul style="list-style-type: none"> <li>Established the reporting of a unit's status through reason codes via Medium Term Projected Assessment of System Adequacy (MT PASA) and reporting of recall times via MT PASA when triggered through a reason code.</li> </ul>	Initiative implemented 9 October 2023
	Capacity Investment Scheme	<ul style="list-style-type: none"> <li>Establish a national underwriting framework to drive investment in new renewable dispatchable capacity. Delivered outside the NEM Reform Program through AEMO Services Limited in conjunction with governments.</li> </ul>	Removed from the scope of the NEM Reform Program April 2024
Essential System Services	Frequency Performance Payments	<ul style="list-style-type: none"> <li>To implement a new Frequency Performance Payment system for Regulation FCAS (to replace existing 'Causer Pays' system) to which will provide incentives for participants to support frequency stability</li> </ul>	Initiative implemented 8 June 2025
	Fast Frequency Response	<ul style="list-style-type: none"> <li>Establish two new market ancillary services – very fast raise and very fast lower – to operate alongside the existing contingency FCAS markets.</li> </ul>	Initiative implemented 9 October 2023
	Efficient management of system strength on the power system	<ul style="list-style-type: none"> <li>Evolve the framework to address the need for a more forward-looking, coordinated solution for the supply and demand of system strength in the NEM through key elements including TNSP led procurement of system strength, new access</li> </ul>	Initiative implemented 15 March 2023

<sup>7</sup> As of April 2024, AEMO has rolled its Consolidated Master Data Repository initiative into the wider FRC Target State initiative.



## Statement of Scope

Pathway	Initiative Name	Description	Status
		standards for relevant generators, loads and market network service providers, and enablement of a new charging mechanism providing for a price signal to connecting parties.	
Transmission and Access	Enhanced Locational Information	<ul style="list-style-type: none"> <li>AEMO is to develop 'enhanced locational information' as an annual report, on locational characteristics of the power system to better inform regulatory, operational and network investment decisions.</li> </ul>	Initiative implemented 7 June 2024
	Transmission Access Reform	<ul style="list-style-type: none"> <li>Establish a model to better manage transmission access risk by incentivising efficient dispatch outcomes, in addition to those produced by the existing energy market, through explicitly addressing congestion issues in an operational timeframe, and through the introduction of a mechanism by which generators are assigned a priority level in the energy market during the investment time-period (given effect in dispatch during operational timeframes).</li> </ul>	Removed from scope of the NEM Reform Program following AEMC Transmission Access Review Final Report (Sep 2024)
Integrating DER and Flexible Demand	Integrating Energy Storage Systems	<ul style="list-style-type: none"> <li>Establish an Integrated Resource Provider (IRP) registration category to better integrate and utilise energy storage and hybrid systems in the NEM and allow aggregators of small generators to provide ancillary services.</li> </ul>	Initiative implemented 3 June 2024
	Turn-up Services	<ul style="list-style-type: none"> <li>Increase the capability and capacity of load to respond to low or negative price signals during times of abundant variable renewable energy, which is correlated to periods of minimum system load.</li> </ul>	Removed from the scope of the NEM Reform Program (Mar 2023)
Data Strategy	Data Services	<ul style="list-style-type: none"> <li>To establish a new Data Services unit within AEMO to facilitate safe, timely and appropriate access to and public-good benefits from data sets held by AEMO and other market bodies, supporting improved policy, planning and research.</li> </ul>	Legislation passed – Implemented 10 April 2025. Data Sharing agreements to be signed with each individual prescribed body.
	Network Visibility	<ul style="list-style-type: none"> <li>Optimise benefits from DER and network assets for all stakeholders through access to datasets providing clear visibility of network capacity/constraints, DER and network performance, and related risks and opportunities.</li> </ul>	AER review completed on 31 March 2025. Implementation subject to further AER action.
Wholesale Reforms	ST PASA Procedure and Recall Period Project	<ul style="list-style-type: none"> <li>Implementation of system and procedure changes triggered by the updating Short Term (ST) PASA final rule. The changes will deliver new information requirements regarding availability of individual scheduled resources and amended definitions of PASA availability and energy constraints. In addition, systems changes will support recall time and unit level availability information.</li> </ul>	Initiative implemented 31 July 2025
	Efficient Provision of Inertia	<ul style="list-style-type: none"> <li>Introduction of an ancillary service spot market for inertia in the NEM to ensure the secure and efficient operation of the power system. The AEMC made a final determination to not implement a new real-time market for inertia, as the benefits of operationally procuring inertia would be outweighed by the upfront and ongoing costs of designing, implementing and operating a new market.</li> </ul>	Removed from the scope of the NEM Reform Program (Oct 2025)
	Review into Electricity Compensation Frameworks	<ul style="list-style-type: none"> <li>The AEMC review recommended strengthening, aligning and streamlining compensation arrangements. This would require arrangements specify a separate objective for the direction's compensation framework, allow opportunity costs in each compensation category, improve the method for calculating directions compensation, nominate AEMO to receive all compensation claims and assess them together with the independent expert and improve administrative rules and timelines, and clarifying obligations on claimants.</li> </ul>	Market review completed in December 2024. AEMO rule change request in development.
Strategic	SCADA Lite	<ul style="list-style-type: none"> <li>A low-cost mechanism to support telemetry services reducing barriers to entry for smaller generators and demand side resources and providing greater visibility to AEMO and market participants.</li> </ul>	Initiative implemented 15 May 2025