

~~Significant~~Draft significant price reporting guidelines

~~29 September 2022~~

31 October 2025

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1 Overview

This document ~~is a~~contains guidelines produced in accordance with clauses 3.13.7 and 3.13.7A of the National Electricity Rules (NER)¹ to assist interested parties on how the Australian Energy Regulator (AER) will report on significant price outcomes in the National Electricity Market (NEM).

1.1 Purpose of ~~these~~is Guidelines

The purpose of the *Significant price reporting guidelines* (Guidelines) is to inform interested parties on our approach, criteria and reporting procedures to meet our obligations for significant price reporting under the NER.

Reports prepared under the Guidelines explain the key drivers of high energy price events. This assists stakeholders and policymakers to assess whether the market is functioning effectively.

1.2 AER Obligations

~~These~~is Guidelines ~~is~~are issued pursuant to the following clauses of the NER:

- 3.13.7 - Monitoring and reporting of significant price outcomes by the AER
- 3.13.7A - Significant price reporting guidelines.

On 19 May 2022, the Australian Energy Market Commission published changes to clause 3.13.7 and added 3.13.7A to the NER.

These clauses created obligations for the AER to:

- monitor and investigate significant price outcomes in relevant markets
- report on particular content within certain timeframes
- develop guidelines.

The Guidelines must include the:

- details of markets that we are monitoring and reporting on (2.1)
- criteria for determining significant price outcomes (2.2).

1.3 AER Role in the wholesale electricity market

In the wholesale electricity market, the AER monitors, investigates, and enforces compliance with national energy legislation and rules.

We actively monitor a range of metrics to analyse participant behaviours and market conditions. These include, but are not limited to, participant offers, bidding and rebidding, market *dispatch* and prices, *network constraints* and *outages*, and forecasts.

We publish a range of reports on market activity ~~through:~~

¹ See Appendix A.

- ~~periodic reports on~~including wholesale market outcomes ~~(such as our Wholesale Markets Quarterly)~~
- ~~special reports on wholesale market outcomes~~
- ~~biennial reports on~~ the effectiveness of competition.

~~reports and on~~ significant price outcomes.

Specifically, reports on significant price outcomes form part of a suite of measures used to surveil the wholesale electricity market. These reports are used to monitor participant behaviour and compliance, analyse market efficiency and the effectiveness of competition, and support the development of further reporting.

1.4 Definitions and interpretation

The words and phrases presented in *italics* in the Guidelines have the meaning given to them in the NER (<https://energy-rules.aemc.gov.au/ner/384/glossary/a><https://energy-rules.aemc.gov.au/ner/700/glossary/a>).

1.5 Review process of the Guidelines

The Guidelines will be reviewed periodically to ensure it continues to support relevant and valuable reporting in an evolving market. ~~The first review will be conducted over the next 12 months, with a particular focus on setting appropriate price thresholds for significant price outcomes based on analysis of recent market trends.~~

The ~~thresholds~~significant price outcome criteria set out in 2.2 ~~are consistent with~~marks a change to the ~~thresholds used~~price-based threshold applied since ~~the AER started~~ reporting on significant price events ~~– began over 20 years ago.~~ Most notably instead of a fixed price to determine a significant price outcome, the proposed Guidelines set out that such outcomes are to be determined by identifying specified days each quarter with the highest 30-minute prices of any market included in the National Energy Market (NEM), which is currently either the spot market or any of the Frequency Control Ancillary Services (FCAS) markets, across all regions. A minimum of four days will be identified using the criteria outlined in 2.2.

~~Further, if~~ additional markets are added to the NEM, ~~we will develop thresholds for defining significant price outcomes in these additional markets~~ they will be included in the threshold for defining significant price outcomes unless the AER deems otherwise.

The AER maintains its discretion under the National Electricity Rules to include any other matter considered appropriate in the Significant price report.

Any amendments to the Guidelines are subject to the *rules consultation procedures* as outlined under clause 3.13.7A (d) of the NER.

2 Reporting on significant price outcomes

This section provides information on how we determine what is a significant price outcome, how we will report on these outcomes, and the timing for our reporting.

2.1 Scope

We will monitor and report on significant price outcomes that occur in the following markets:

- ~~Spot~~ the spot market
 - ~~Frequency Control Ancillary Services~~ each (FCAS) markets
 - any markets that may become part of the NEM in the future (for example, ~~an~~ inertia ~~or capacity~~ markets); where the AER determines the market prices are aligned and appropriate to report on.
- collectively “the NEM markets”

2.2 Significant price outcome criteria

A significant price outcome will be determined using the following criteria:

~~1. A significant price outcome occurs when in a given region:~~

1. Initially, the AER will identify days where the maximum 30-minute price in the NEM markets across all regions exceeds \$5,000/MWh is: either
 - the highest priced day for a month; and
 - the next highest priced day in the ~~Spot market~~ calendar quarter.

This will result in a minimum of four days being selected as significant price outcomes.

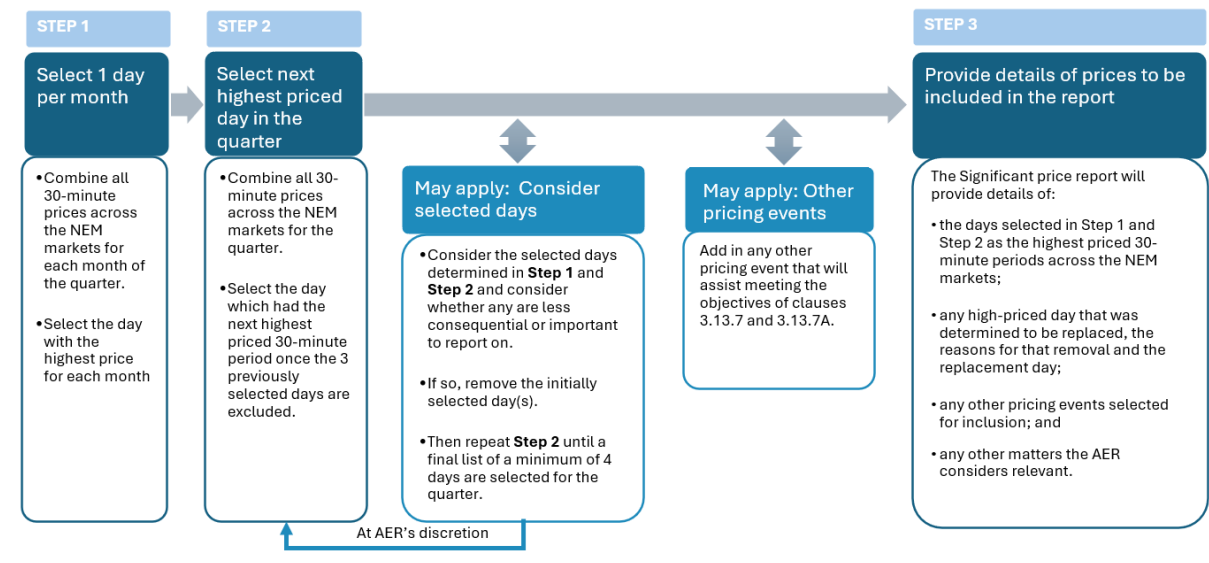
- ~~2. consecutive 30-minute prices exceed \$5,000/MW in~~ The AER may then apply a principles-based approach when selecting the price outcomes to report on. The AER may consider whether a number of outcomes have been brought about by the same cause or causes or may be deemed less consequential or important than others. For example,
 - high price days where a notable decrease of available regional generation was observed immediately prior to the daily maximum price; or
 - consecutive days of high prices that can be linked to the same generation or network factors.

3. Based on the above considerations, the AER may simply note some of those outcomes rather than investigating them individually as significant price outcomes. In these circumstances, the AER will provide reasons for the price outcomes it selects and will note the next highest price day in the quarter that is determined appropriate to be investigated.

4. Additionally, any other matter or pricing event occurs that the AER considers will assist meeting the objectives of clauses 3.13.7 and 3.13.7A, which may include pricing events in new markets, may also be deemed a significant pricing outcome.

This process is represented in Figure 1 below.

Figure 1 Process to determine Significant price outcomes



2.3 Reporting content

We must consider whether the following factors, outlined in clause 3.13.7 (b) (2), contributed to the significant price outcomes:

- *available capacity*
- *network availability*
- bidding and rebidding behaviour in respect of the relevant *market*.

We may consider the following matters outlined in clause 3.13.7 (b) (3):

- broader and ongoing *market* trends that may be contributing to the significant price outcomes
- any events and behaviours that may be detrimental to effective competition or efficient *market* operation
- any other matter which the AER considers relevant.

Each quarter the AER will include within its report a table providing details (for example date, time, region, market/service type) of the days selected as the highest priced 30-minute periods across the NEM markets. This table will indicate which days are to be included within the report and, if a high-priced day has been replaced, reasons for that removal and the replacement day.

If AER considers any other pricing outcome meets the objectives of clauses 3.13.7 or 3.13.7A and deems them to be significant pricing outcomes, a secondary table will provide the details of these events.

2.4 Reporting timeframes

When a significant price outcome (or group of outcomes) occurs, we will publish our analysis as soon as practicable. The timing will be determined by factors including the complexity of the price outcome(s), the availability of AER resources and the level of importance of the price outcome(s) to the market.

All significant price outcomes will be reported on at least a quarterly basis, as per clause 3.13.7-(c).

The reporting of these events may be included within its own report or within other AER reports.

Appendix A: Excerpts from the National Electricity Rules (as ~~of 8 June 2022~~ at 17 September 2025)

Clause 3.13.7 Monitoring and reporting of significant price outcomes by the AER

- a) The AER must monitor and report on significant price outcomes in the *spot market* and any other *market* specified in the *significant price reporting guidelines*, in respect of each calendar quarter.
- b) In preparing a report under paragraph (a), the *AER*:
 - 1) must comply with the *significant price reporting guidelines*;
 - 2) must consider the following factors that may have contributed to the significant price outcomes:
 - i) *available capacity*;
 - ii) *network* availability; and
 - iii) bidding and rebidding behaviour in respect of the relevant *market*; and
 - 3) may consider the following matters:
 - i) broader and ongoing *market* trends that may be contributing to the significant price outcomes;
 - ii) any events and behaviours that may be detrimental to effective competition or efficient *market* operation; and
 - iii) any other matter that the *AER* considers relevant.
- c) The *AER* must *publish* reports under paragraph (a) in a timely manner after the end of each relevant calendar quarter. The *AER* may *publish* reports under paragraph (a) more frequently than each calendar quarter.

Clause 3.13.7A Significant price reporting guidelines

- a) The *AER* must develop and *publish* guidelines (the *significant price reporting guidelines*) for the monitoring and reporting of significant price outcomes under clause 3.13.7.
- b) The *significant price reporting guidelines* must include:
 - 1) the criteria for determining significant price outcomes;
 - 2) the details of any *markets*, other than the *spot market*, which the *AER* has determined to monitor and report on under clause 3.13.7; and
 - 3) any other matter which the *AER* considers appropriate.
- c) When determining the criteria referred to paragraph (b)(1), the *AER* must have regard to high price events and any other matter which the *AER* considers appropriate.
- d) The *AER* must comply with the *Rules consultation procedures* when amending the *significant price reporting guidelines*.