



# Constraint Formulation Guidelines Consultation

National Electricity Market -  
Notice of extension of time

**Published: 17 July 2025**

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# 1. Notice of extension of time for consultation

This notice is published by AEMO under National Electricity Rules (**NER**) 8.9.2(d) to extend the time limit for AEMO to publish its draft report on a proposal to make amendments to the Constraint Formulation Guidelines (**proposal**), under the standard consultation procedure.

AEMO commenced consultation on the proposal on 7 April 2025. Under NER 8.9.2(b), AEMO's draft report was due for publication by 18 July 2025.

AEMO is extending the time limit for publication of the draft report on the proposal to 14 August 2025, due to the complexity and difficulty in resolving the issues involved, as described in more detail in section 2. The next steps for the consultation are summarised in section 3.

## 2. Detailed reasons

In the initial Consultation Paper, AEMO proposed increasing the minimum threshold for left-hand side factors to 0.15 from 0.07. When selecting the appropriate threshold factor, AEMO undertook analysis assessing the impact to power system security, operating margins, and negative residues across 3 scenarios with different threshold factors. The three assessed scenarios were:

- Scenario 1 - current do nothing approach - threshold factor of 0.07
- Scenario 2 - medium threshold - threshold factor of 0.15
- Scenario 3 - high threshold – threshold factor of 0.4

Outcomes of the analysis found the threshold factor of 0.15 had little observable impact on operating margins or for managing power system security, whilst reducing negative residues and the large impact on interconnectors and generators with small factors.

During the initial stage of this consultation, AEMO received submissions from stakeholders requesting further analysis and modelling on the impacts of changing the minimum threshold for LHS factors.

AEMO considered that this feedback required additional engagement to discuss and resolve these complex issues. On 29 May 2025, AEMO organised a discussion with participants Shell Energy, AGL and Snowy Hydro.

Following this discussion, AEMO agreed to undertake a sensitivity analysis for further scenarios, including for each altered threshold factor. This analysis will then be incorporated into the next round of consultation.

The extension will enable AEMO to undertake this additional analysis, which will support addressing the issues raised in submissions.

## 3. Next steps for consultation

AEMO's process and expected timeline for the remainder of this consultation are outlined below. Future dates may be adjusted and additional steps may be included as needed, as the consultation progresses.

**Table 1    Consultation process and timeline**

Consultation steps	Dates
Draft report published	Expected 14 August 2025
Submissions due on draft report	Expected 11 September 2025
Final report published	Expected mid-October 2025