Bank Guarantee Guide

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Important notice

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1.0	9 August 2026	• Initial version

Note: There is a full version history at the end of this document.

1. Introduction

1.1. Purpose and scope

Credit support is a critical component of the prudential framework in the wholesale electricity and gas markets operated by AEMO. This Bank Guarantee Guide (**Guide**) provides information about the obligations and processes relating to the administration of bank guarantees as *credit support*. This Guide describes:

- How AEMO accepts, holds, returns and exchanges bank guarantees within the National Electricity Market (**NEM**), Declared Wholesale Gas Market (**DWGM**), Short Term Trading Market (**STTM**), Capacity Auction and Gas Supply Hub (**GSH**), and
- How *Market Participant*s may use bank guarantees to meet their prudential requirements, including compliance with AEMO's prescribed formatting, delivery and replacement.

The cash as credit support framework established by The National Electricity Amendment (Allowing AEMO to accept cash as credit support) Rule 2025 (No. 8) will be effective 1 November 2026. This will allow the option for *Market Participants* to provide NEM *credit support* to AEMO in the form of *cash security* or bank guarantees.

1.2. Summary

Credit support when provided as a bank guarantee, is an obligation in writing that *Market Participant*s who do not meet the *acceptable credit criteria* must procure and maintain, according to the NER and NGR requirements of the market/s they are operating in. Bank guarantees must be provided by an entity that meets the *acceptable credit criteria*, typically a bank. Bank guarantees must be duly executed by the *credit support* provider, delivered unconditionally to AEMO and permit drawings or claims by AEMO to the stated amount.

*Market Participant*s are responsible for ensuring prudential requirements are met as described in Chapter 3.3 of the NER (for the NEM), Part 19 Division 2, Part 20 Division 10 and Part 22 of the NGR (for DWGM, STTM and GSH respectively) and in the Capacity Transfer and Auction Procedures.

1.3. How to use this guide

Use this guide to assist your understanding of bank guarantee management.

1.4. Definitions and interpretation

1.4.1. Glossary

Terms defined in the National Electricity Law, National Gas Law, NER or the NGR have the same meanings in this Guide unless otherwise specified. Terms defined in the NER or NGR are intended to be identified in this Guide by italicising them, but failure to italicise a defined term does not affect its meaning. In addition, the words, phrases and abbreviations in the table below have the meanings set out opposite them when used in this Guide.

Abbreviation	Definition
AEST	Australian Eastern Standard Time

Abbreviation	Definition
DAA	Day Ahead Auction
DWGM	Declared Wholesale Gas Market in Victoria
EA	Exchange Agreement
GSH	Gas Supply Hub
MCL	Maximum Credit Limit
MIBB	Market Information Bulletin Board
NEM	National Electricity Market
NER	National Electricity Rules
NGR	National Gas Rules
PCT	Pipeline Capacity Trading
SDA	Security Deposit Arrangements
SRA	Settlements Residue Auction
STTM	Short Term Trading Market

1.4.2. Interpretation

This Guide is subject to the principles of interpretation set out in Schedule 2 of the National Electricity Law and National Gas Law.

1.5. Related documents

Title	Location
Credit Limit Procedures	https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/market-operations/settlements-and-payments/prudentials-and-payments/maximum-credit-limit
Cash Security Guidelines	https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/market-operations/settlements-and-payments/prudentials-and-payments/procedures-and-guides
Cash Dashboard Instructions	https://markets-portal-help.docs.public.aemo.com.au/Content/EMMSprudentials/EMMSCashDashboard/Cash_Dashboard.htm?TocPath=Energy%20Market%20Management%20System%20(EMMS)%7CSettlements%7CPrudentials%7CCash%20Dashboard%7C_____0
Bank Guarantee Guide (all markets)	https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/market-operations/settlements-and-payments/prudentials-and-payments/procedures-and-guides
Market Clearing Guide (all markets)	https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/market-operations/settlements-and-payments/prudentials-and-payments/clearing-procedures-and-guides
Early Settlement Payment Guide	https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/market-operations/settlements-and-payments/prudentials-and-payments/clearing-procedures-and-guides

2. General requirements

2.1. Acceptable credit criteria

The NER and NGR define what AEMO considers the *acceptable credit criteria* and credit rating of a *credit support* provider. As of August 2026, AEMO was holding *credit support* provided by 27 different financial institutions. For further information on acceptable *credit support* providers please contact prudentials@aemo.com.au.

Table 1 Acceptable credit criteria and credit ratings

Market	Rules reference
NEM	NER 3.3.3, NER 3.3.4
DWGM	NGR Part 19, Division 2, Subdivision 7, 255
STTM	NGR Part 20, Division 10, Subdivision 3, 479
GSH	NGR Part 22, Exchange Agreement, clauses 9.2.2 and 9.2.3

2.2. Prescribed format

Market Participants must provide bank guarantees in the form prescribed by AEMO. The prescribed template is available on the AEMO website.

AEMO's prescribed form of guarantee has been designed for use across the NEM, DWGM, STTM, GSH and Capacity Auction. The relevant market is identified by selecting the appropriate Market and Rules checkbox in the Defined Terms and Details table of the guarantee. A guarantee must be assigned to one market only e.g. a NEM guarantee may only be used for the NEM.

If a participant is an Auction Participant in the Capacity Auction and also an exchange member in the GSH, amounts are jointly settled and the guarantee applies to payments under or in relation to the Exchange Agreement and the Capacity Auction Agreement.

It is important to note that the financial guarantee pro forma may be updated from time to time so always check for the latest version when preparing guarantees. Bank guarantees based on an incorrect or outdated format or which seek to apply to more than one market will be rejected. To avoid guarantee rejection and unnecessary delays, AEMO encourages all participants to submit a draft copy of all bank guarantees to prudentials@aemo.com.au prior to execution. AEMO will check the draft guarantee's format and confirm whether the guarantee is acceptable. If not, details of required amendments will be provided.

Table 2 Acceptable form of *credit support*

Market	Rules reference
NEM	NER 3.3.2
DWGM	NGR Part 19, Division 2, Subdivision 7, 255
STTM	NGR Part 20, Division 10, Subdivision 3, 479
GSH	NGR Part 22, Exchange Agreement clause 9.2.1(c)

2.3. Delivery and execution

Bank guarantees be properly executed by the issuing bank in accordance with its internal requirements and AEMO's prescribed format, and must include wet signatures. Electronic signatures will not be

accepted. A bank guarantee must be unconditional and irrevocable; it cannot be withdrawn, amended or made subject to additional conditions without AEMO's consent.

Where a bank guarantee is required to satisfy a Rules obligation relating to *Market Participant* minimum exposure or MCL, the bank guarantee must be delivered according to the following times:

Table 3 Bank guarantee delivery timelines for MCL, trading margin and minimum exposure

Market	Timeline
NEM	No later than 10:30AM (Sydney time) on the effective date of *MCL*
DWGM	By close of business on the *business day* prior to effective date of minimum exposure
STTM	By close of business on the *business day* prior to effective date of minimum exposure
GSH	Prior to commencing trading if the current Trading Margin is not more than zero.
Capacity Auction	Prior to commencing trading if the current Trading Margin is not more than zero.

Bank guarantees may be delivered in person, by courier or post to any of AEMO's offices. If delivering by post, it is strongly recommended that *Market Participants* use a tracked postal service and allow additional time for any delays that may occur. It is the *Market Participant's* responsibility to ensure that its bank guarantees are delivered to AEMO on the specified due date and by the specified time. If a failure to do so results in a *default event*, then AEMO may exercise its rights regardless of whether the delay was caused by circumstances outside the *Market Participant's* control.

3. Procedure

3.1. Providing a new bank guarantee

*Market Participant*s are encouraged to use the Bank guarantee checklist in Appendix 1 when arranging new guarantees and to allow sufficient preparation and delivery time. Most financial institutions have a minimum set notice period to prepare, execute and deliver a bank guarantee.

3.2. Bank guarantee exchange

To exchange a bank guarantee, *Market Participant*s must coordinate delivery of the replacement guarantee with their financial institution and, make a request to AEMO for the existing guarantee to be sent to a nominated AEMO office location. AEMO will arrange for a staff member to facilitate the exchange at the AEMO office on a date and time suitable to both parties. AEMO will only release an existing guarantee once the new guarantee has been checked and accepted. Please remember to allow suitable time for the new guarantee to be checked by AEMO prior to exchange.

Please note: To support a smooth exchange process, *Market Participants* should provide reasonable notice to allow for staff coordination and transportation of the bank guarantee.

3.3. Termination of active bank guarantees

If a *Market Participant* requests the return of a bank guarantee that is not yet expired, providing that after return of the bank guarantee AEMO would be holding an acceptable amount of *credit support*, AEMO will return the bank guarantee directly to the financial institution to a contact and address as

advised by the *Market Participant.* Alternatively, the guarantee may be collected from AEMO by the financial institution.

Upon request from a *Market Participant's* financial institution, AEMO will provide a written notice of guarantee termination. The guarantee termination notice and the bank guarantee will be sent directly to the financial institution, or the financial institution may collect the documents from AEMO. To avoid unnecessary delays in the return of an active guarantee with a termination notice, *Market Participant*s should provide AEMO with as much notice as possible.

3.4. Expiry and replacement

All *Market Participants* are responsible for monitoring their bank guarantee expiry dates and replacement timelines. *Market Participants* may use the AEMO Markets Portal to monitor their bank guarantees.

*Market Participant*s must provide AEMO with a replacement bank guarantee at least 10 business days before their current bank guarantee expires. The 10-day tail on the existing guarantee acts as a failsafe, ensuring the market remains fully collateralised without a gap in *credit support*.

AEMO monitors the expiry date of all bank guarantees and notifies *Market Participants* of an expiring bank guarantee 30 days prior to the expiry date. The replacement bank guarantee must take effect no later than the date the existing bank guarantee is due to expire or terminate. Expired bank guarantees will be returned by AEMO directly to the financial institution.

Table 4 Expiring *credit support* delivery timelines

Market	Timeline
NEM	No later than 10.30am, 10 clear business clear days prior to expiry date
DWGM	By close of business, 10 clear *business days* prior to expiry date
STTM	By close of business, 10 clear *business days* prior to expiry date
GSH	*Credit support* having an expiry date of less than 10 *business days* from the date of calculation of the *Market Participant*s Trading Limit will be disregarded in calculating the Trading Limit.
Capacity Auction	*Credit support* having an expiry date less than 10 *business days* from the date of calculation of the *Auction Participant*s Trading Limit will be disregarded in calculating the Trading Limit.

3.4.1. Subscribing to bank guarantee expiry reminders – NEM Market Participants

NEM *Market Participants* can subscribe to reminder notifications through the Markets Portal. To receive and manage these notifications, *Market Participants* must login to the Markets Portal navigate to EMMS>Settlements>Settlements Direct>Subscriptions. NEM *Market Participants* may subscribe to be notified by SMS, email or both. This functionality is available to NEM Market Participants only.

(a) Bank Guarantee Due 10 Business Days (Expiry in 20 days): This notification is sent when a bank guarantee is due to expire in 20 business days. If replacement *credit support* is required, the notification will indicate that it is due within 10 *business days*.

(b) Bank Guarantee Due 1 Day (Expiry in 11 days): This notification is sent when a bank guarantee is due to expire in 11 business days. If replacement *credit support* is required, the notification will indicate that it is due within 1 *business day*.

Table 5 Expiring *credit support* obligations

Market	Rules reference
NEM	NER 3.3.6
DWGM	NGR Part 19, Division 2, Subdivision 7, 257
STTM	NGR Part 20, Division 10, Subdivision 3, 481
GSH	NGR Part 22, Exchange Agreement, Clause 9.2.4
Capacity Auction	Capacity Transfer and Auction Procedures, Auction Agreement standard terms A.6.5

3.5. Prudential Dashboard

The Prudential Dashboard is a useful tool that features participant *outstandings*, security deposit and reallocation information that will assist with the daily monitoring and management of Prudentials.

Information regarding the Prudential Dashboard is published on the AEMO website: https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/market-operations/settlements-and-payments/prudentials-and-payments/prudential-dashboard

4. National Electricity Market

NEM *Market Participants* must procure *credit support* with a value not less than the current *Maximum Credit Limit* (**MCL**). AEMO reviews *Market Participant* prudential settings, including the MCL, of each *Market Participant* in the NEM at least once per year. AEMO conducts three seasonal reviews per year for all *Market Participants* and may review the MCL of a *Market Participant* at any time.

NEM *Market Participant*s may view their current MCL on the AEMO Prudential Dashboard via the EMMS web browser. *Market Participant*s who do not have access to the Prudential Dashboard can contact the AEMO Support Hub to arrange access.

Table 6 Amount of *credit support* in the NEM

Market	Rules reference
NEM	NER 3.3.5

4.1. Credit support webpage (NEM only)

The *Credit support* Webpage is a web-based interface in the EMMS web browser (via Prudential Dashboard) that allows NEM *Market Participant*s to view their *credit support* status. There is a useful scenario builder tool for participants intended to be used to safely test plans to replace, reduce or increase guarantee levels and if those plans will comply with the NER. If an MCL is increased as a result of an MCL review, the scenario builder features upcoming events, including if the current *credit support* amount will satisfy the new MCL.

The Credit Support Webpage Manual is on the AEMO website.

5. Declared Wholesale Gas Market and Short Term Trading Market

*Market Participant*s must procure a bank guarantee not less than the value of the current *minimum exposure* and ensure that the bank guarantee does not fall below their *minimum exposure*.

The *minimum exposure* is calculated as AEMO's reasonable estimate of the *Market Participant* fees payable by the *Market Participant* to AEMO in respect of a *billing period* in the following financial year. Prior to the end of each financial year, AEMO determines and provides written confirmation to each DWGM and STTM *Market Participant* of their *minimum exposure*.

*Market Participant*s may monitor their current *minimum exposure* by reviewing daily MIS and MIBB Reports. For MIS and MIBB Report access, contact the AEMO Support Hub.

Table 7 Amount of *credit support* in the DWGM and STTM

Market	Rules reference
DWGM	NGR Part 19, Division 2, Subdivision 7, 256
STTM	NGR Part 20, Division 10, Subdivision 3, 480

6. Gas Supply Hub and Capacity Auction

Market Participants and *Auction Participants* must provide and maintain *credit support* for the amount and forward period required to ensure that its *trading margin* does not fall below zero.

AEMO does not set a minimum *credit support* level for GSH and Capacity Auction. *Market Participants* and *Auction Participants* will have the discretion to manage and provide *credit support* to levels appropriate based on their trading volume and reallocations.

The prudential arrangements for the Capacity Trading Platform (**CTP**) and Day Ahead Auction (**DAA**) enable AEMO to collectively manage these markets alongside the GSH. AEMO monitors *Market Participant* exposure across interconnected gas market activities using a single prudential framework to allow *Market Participant*s to use common collateral arrangements across the GSH, CTP and DAA.

Table 8 Amount of *credit support* in the GSH and Capacity Auction

Market	Rules reference
GSH	NGR Part 22, Exchange Agreement, Clause 9.4.2
Capacity Auction	Capacity Transfer and Auction Procedures, Auction Agreement standard terms A.6.2

7. Contacts and references

The resources listed in this section contain additional related information that may assist you.

- AEMO Information and Support Hub: phone: 1300 236 600 and follow the prompts; email: support.hub@aemo.com.au.
- National Gas Rules (NGR) and National Electricity Rules (NER): see the Australian Energy Market Commission (AEMC) website http://www.aemc.gov.au.
- Gas Supply Hub Exchange Agreement: https://aemo.com.au/energy-systems/gas/gas-supply-hub-gsh/exchange-agreement-and-guides
- Capacity Transfer and Auction Procedure: https://www.aemo.com.au/-/media/files/gas/pipeline-capacity/capacity-transfer-and-auction-procedures.pdf?la=en

The following contacts should be used for enquiries relating to bank guarantees:

Enquiry	Team	Contact details
Bank guarantee enquiry	Prudentials	prudentials@aemo.com.au
IT access or general IT enquiry	AEMO Support Hub	1300 236 600 support.hub@aemo.com.au

Appendix A. Bank guarantee checklist

- Is the *credit support* provider acceptable? If unsure, contact AEMO prudentials@aemo.com.au
- Download the most recent version of the AEMO Financial Guarantee Pro Forma from the AEMO website: https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/market operations/settlements-and-payments/prudentials-and-payments/procedures-and-guides
- If replacing an expiring guarantee, make sure the effective date of the new guarantee is in alignment with the expiration date of the existing guarantee
- If exchanging a guarantee, make sure the effective date of the new guarantee is the date the exchange is taking place
- Does the guarantee amount comply with your MCL or minimum exposure?
- Have your financial institution prepare a draft of the guarantee and email to prudentials@aemo.com.au for review and approval.

Version release history

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1.0	9 August 2026	Initial version