



Intervention Compensation and Settlement Processes

AEMC invites submissions on consultation paper

The AEMC has commenced consultation on a rule change request from AEMO that seeks administrative changes to the compensation and settlement processes following market intervention. This rule change request was submitted as two requests which were consolidated. Submissions close on 03 May 2019.

Background

The interventions framework in the NER provides AEMO with the tools to intervene in the market for reliability purposes (e.g. in the event of a breach of the reliability standard) or for power system security purposes (e.g. to maintain voltage). Interventions are typically used as a last resort.

Interventions comprise the Reliability and Emergency Reserve Trader (RERT or emergency reserves), directions and clause 4.8.9 instructions. When AEMO uses RERT or issues a direction, it may be required to pay compensation to a number of affected parties. The compensation framework makes sure that participants who have been affected by the intervention are not left out of pocket.

AEMO automatically notifies affected participants of the compensation they are entitled to, at which point they typically have seven days to lodge a claim for additional compensation if they consider that the amount calculated by AEMO is not sufficient.

The NER currently defines the timetable for determining and paying compensation in business days after the intervention event ends. However, the settlement timetable is defined in terms of weeks after the end of a billing week, rather than business days.

Issues for consultation

The issues raised by AEMO in the rule change request primarily relate to changes to the deadlines for additional compensation claims following market intervention and the alignment of intervention compensation and settlement timetables. The key issues raised are:

- **Deadline for additional compensation:** The seven business day deadline for participants to calculate additional claims is too short due to directions becoming more complex over the last two years. AEMO proposes an increase to 15 business days.
- **Deadline for directed participants:** The deadline for additional compensation claims for directed participants is not specified in the NER - AEMO proposes that directed participants should be given the same amount of time as affected participants.
- **Alignment of intervention compensation and settlement timetable:** The current intervention compensation and settlement timetables do not align. AEMO believes that alignment of these timetables will improve the practicality of the timetable and provide consistency and certainty in the application of compensation rules.

Process for this rule change

The Commission is progressing this rule change request under an expedited process as the issues raised in the rule change request represent procedural changes and are administrative in nature, making the request non-controversial. The proposed changes are

also not expected to result in significant additional costs to consumers.

Stakeholders may object to this expedited process by 18 April 2019.

A final rule determination and final rule (if made) for this rule change request will be published on 30 May 2019 if the Commission does not receive a valid objection to the expedited process.

Related work

This rule change is part of a package of rule change requests related to compensation and intervention pricing which occur when AEMO intervenes in the market. The other two rule change requests relate to the regional reference node test following activation of the RERT and the threshold for participant compensation following market intervention.

Both of these rule change requests are being assessed separately through the System Strength and Intervention Mechanisms in the NEM investigation, which is also examining larger issues around the intervention and compensation framework.

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