



Intervention compensation and settlement processes

Final determination and final rule published

The Australian Energy Market Commission has made a final rule which streamlines the administrative processes related to compensation settlement, following AEMO intervening in the market. This final rule increases transparency and consistency of the administrative processes.

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.

The two main forms of interventions are the Reliability and Emergency Reserve Trader (RERT - whereby AEMO can procure emergency reserves) and directions (e.g. directing a generator to increase its output). When AEMO uses RERT or issues a direction, it may be required to pay compensation to a number of market participants.

The compensation framework makes sure that participants who have been affected by the intervention are not left "out of pocket". AEMO then uses a settlement timetable that is prescribed in the rules to settle the relevant market participants, following an intervention in the market.

Final rule and Commission's rationale

The final rule streamlines the intervention compensation and settlement processes.

The key features of the final rule are:

- extending the deadline for additional compensation claims submitted by affected and directed participants from seven to 15 business days
- aligning the intervention and compensation timetables alongside addressing inconsistencies between intervention compensation and settlement rules.

The final rule improves administrative processes, increases transparency, and provides consistency and transparency to intervention compensation and settlement processes, while supporting the efficient operation of the power system.

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 AEMC received two additional rule change requests relating 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 Investigation into intervention mechanisms and system strength in the NEM, which is also examining underlying issues around the intervention and compensation framework.

For information contact:

Executive General Manager, **Suzanne Falvi** (02) 8296 7883

Senior Adviser, **Sarah-Jane Derby** (02) 8296 7823

Media: Communication Director, Prudence Anderson 0404 821 935 or (02) 8296 7817

30 May 2019