



INFORMATION

AUSTRALIAN ENERGY MARKET COMMISSION LEVEL 15, 60 CASTLEREAGH STREET SYDNEY NSW 2000
T: 02 8296 7800 E: AEMC@AEMC.GOV.AU W: WWW.AEMC.GOV.AU

Compensation following directions for other services

Submissions are invited by 16 July 2020

The Australian Energy Market Commission (AEMC) has published a consultation paper on a proposed rule change from AEMO that seeks to improve the administrative efficiency of the process to determine compensation following directions for services other than energy and market ancillary services.

Context

Intervention mechanisms are tools available to AEMO in circumstances where the market response has been inadequate to maintain a reliable and secure power system, or in response to unexpected events. Broadly speaking, intervention mechanisms include the reliability and emergency reserve trader (RERT), directions and instructions.

This rule change request only relates to directions for services other than energy and market ancillary services. 'Other services' may include, among other things, a direction for a battery to maintain a specified state of charge in order to maintain system security.

The consideration of this rule change request is part of a wider Commission work program updating frameworks for interventions in the NEM.

The rule change request

On 19 September 2019, AEMO submitted a rule change request for the National Electricity Rules (NER) to be amended in relation to the determination of compensation following directions for services other than energy and market ancillary services.

Currently, when a participant is directed to provide other services (something which has occurred infrequently until recently), they may be compensated under the "fair payment price" framework under clause 3.15.7A of the NER. Following this initial compensation process, if a directed participant is still out of pocket, it may lodge a claim for additional compensation through a separate process under clause 3.15.7B of the NER.

AEMO considers that this two-step process is an unnecessary delay in finalising compensation for directed participants and proposes an alternative one-step process, where the fair payment price and additional compensation can be determined at the same time. AEMO suggests this may improve the administrative efficiency of the compensation process.

Issues for consultation

The consultation paper explores the issues raised in the rule change request. Stakeholders are invited to comment on these issues, which include:

- Whether the current compensation arrangements for directions for other services are appropriate, administratively efficient, consistent and predictable?
- Whether the rule change request to combine the determination of fair payment price and additional compensation into a single step process would be more administratively efficient than the current two-step compensation process for other services directions?
- Whether alternative options to the current arrangements and rule change request would better contribute to the long-term interests of consumers?

Consultation process

We invite stakeholders to provide written submissions on the consultation paper by Thursday **16 July 2020** via the AEMC website.

For information contact:

Owen Pascoe, **Director** (02) 8296 7856

Andrew Pirie, **Senior Adviser** (02) 8296 7867

Media: Media and Content Manager, Kellie Bisset 0438 490 041

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