

27 November 2025

Ms Anna Collyer  
Chair  
Australian Energy Market Commission (by online submission)

Dear Ms Collyer,

**Rule change proposal to align the compensation frameworks**

AEMO is requesting the Australian Energy Market Commission (AEMC) amend the National Electricity Rules (NER) to clarify, align and streamline the existing compensation frameworks to support the orderly and efficient operation of electricity market:

- Providing market participants with confidence that they will be appropriately compensated for providing services during periods of market stress,
- Providing stakeholders with confidence that the electricity system will continue to operate despite disruption, and
- Reducing the cost and effort of preparing, lodging, administering, and assessing claims.

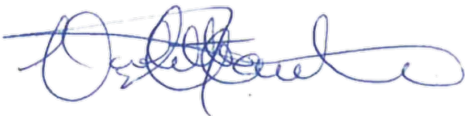
The rule change proposes a single set of rules that will apply to all claims for directions, administered pricing and market suspension claims. This will address issues created by the current separate and sometimes overlapping compensation rules. In doing so, the rule change proposal aligns with, but builds on, the recommendations of the AEMC's compensation frameworks review.

The rule change is also forward looking, seeking to minimise the complexity of the compensation framework given the changing nature of claims due to by the energy transition. For instance, AEMO is issuing new and different directions, such as directions to battery energy storage systems to both import and consume electricity and to generators to synchronise with the energy system without exporting. This rule change seeks to reduce the complexity of any claims that result from these directions.

AEMO appreciates the engagement that it has had with the AEMC in the preparation of this rule change proposal and looks forward to continued collaboration with the AEMC.

Please contact Hannah Heath, Group Manager – Strategic Market Reform, at [hannah.heath@aemo.com.au](mailto:hannah.heath@aemo.com.au) should you wish to discuss this proposal.

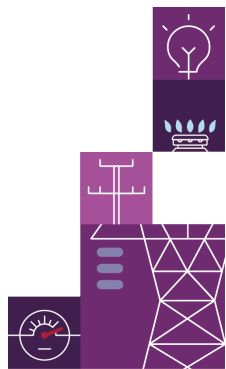
Yours sincerely,

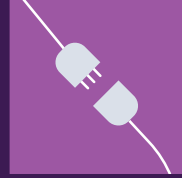


Violette Mouchaileh  
**Executive General Manager – Policy and Corporate Affairs**

Attachments:

- Electricity Rule Change Proposal – Aligning Compensation Frameworks, November 2025
- Aligning Compensation Frameworks Indicative rule drafting, November 2025





# Electricity Rule Change Proposal

Aligning Compensation Frameworks

**November 2025**

[aemo.com.au](https://aemo.com.au)

New South Wales | Queensland | South Australia | Victoria | Australian Capital Territory | Tasmania | Western Australia  
Australian Energy Market Operator Ltd ABN 94 072 010 327

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## 1. Summary

This rule change proposal seeks to clarify, align and streamline compensation frameworks under the National Electricity Rules (NER) to support the orderly and efficient operation of electricity market. AEMO considers that this rule change will:

- provide market participants with confidence that they will be appropriately compensated for providing services during periods of market stress,
- provide stakeholders with confidence that the electricity system will continue to operate despite disruption, and
- reduce the cost and effort of preparing, lodging, administering, and assessing claims.

The AEMC's 2024 review into electricity compensation frameworks (the Review) recommended changes to the national electricity markets' (NEM) electricity compensation frameworks for directions, market suspension and administered pricing<sup>1</sup> (the compensation frameworks). The June 2022 disruptive market events highlighted flaws in these frameworks. The final recommendations of the Review are intended to address these issues. This rule change request adopts many of the Review's recommendations.

The current arrangements for compensation differ across each part of the compensation frameworks. This rule change request seeks to establish a single, streamlined process for the submission, administration and payment of compensation. This will change the NER such that:

- all claims are submitted to and administered by AEMO,
- the costs that may be recovered are consistent,
- the timeframes and requirements for the submission and assessment of claims are the same, and
- preliminary compensation for market suspension and administered pricing are aligned.

This rule change request also proposes amendments that will reduce the complexity of the claims process despite the changing nature of claims. For instance, in periods of market stress, AEMO has started to direct market participants, like battery energy storage systems (BESS), to both export and consume energy. Currently, compensation for the export and consumption of energy are covered by different parts of the NER. Under this proposal, a single part of the NER will cover both compensation arrangements for the export and consumption of energy. This would allow a BESS owner to submit a single claim for a trading day when they are directed to import and export energy.

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<sup>1</sup> For more information on the Review see: <https://www.aemc.gov.au/market-reviews-advice/review-electricity-compensation-frameworks>

## 2. Background

This section outlines how the compensation frameworks, that are the focus of this proposal, under the NER currently work.

### 2.1. The compensation frameworks

#### 2.1.1. The two directions compensation frameworks

Directions are issued by AEMO if deemed necessary to maintain or re-establish the power system to a secure operating state, a satisfactory operating state or a reliable operating state.<sup>2</sup> Currently, directions are generally issued to maintain power system security during periods of high renewable output and low synchronous generation.

Two frameworks apply to directions compensation, and are described across NER 3.12.1, 3.12.2, 3.12.3, 3.15.7, 3.15.7A and 3.15.7B. The compensation approach for directions differs based on the service provided with energy and ancillary services compensated under NER 3.15.7 and 3.15.7B and other compensable services under NER 3.15.7A.

While the NER does not state an objective for the directions compensation framework, previous AEMC reviews have stated that directed participants should receive a “fair payment” or that they are entitled to “cover the costs of the direction”.<sup>3</sup> The framework defines a preliminary compensation payment for direction participants as the 90<sup>th</sup> percentile of regional spot prices in the preceding 12 months<sup>4</sup>. Preliminary compensation value is received for energy or ancillary services supplied instead of the spot price at the time of direction. Preliminary compensation acknowledges that the participant chooses not to provide that level of output, instead was directed to do so, and thus the spot price was not sufficient to cover the costs of market participation. Preliminary compensation seeks to manage cash flow implications by providing directed participants with payments as soon as possible while providing sufficient value that minimises excessive reliance of the additional claims process. Participants are empowered to submit additional claims to AEMO if preliminary compensation is not sufficient to cover loss of revenue and direct costs incurred to comply with the direction.<sup>5</sup>

AEMO sees a high volume of claims for further compensation above that already provided under preliminary compensation. Claimants incur costs in preparing, submitting and supporting these claims. AEMO incurs costs, including the costs of engaging Independent Experts, to assess these claims.

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<sup>2</sup> NER 4.8.9(a)(1)

<sup>3</sup> AEMC, *Rule determination national electricity amendment (compensation following directions for services other than energy and market ancillary services) rule*, 17 DECEMBER 2020, p. ii.

<sup>4</sup> NER 3.15.7(c)

<sup>5</sup> NER 3.15.7B(a)(1)

### 2.1.2. Market suspension compensation frameworks

The market suspension compensation framework ensures that market participants are no worse off for operating during periods of market suspension. The market suspension compensation framework was most rigorously tested during the June 2022 NEM events where a confluence of operational issues led AEMO to suspend the market. AEMO agrees with the AEMC's Review finding that the design and application of compensation frameworks during June 2022 contributed to participant uncertainty which consequentially reduced availability during that period.

The market suspension compensation framework is set out across NER 3.14.5A and 3.14.5B. The objective of the framework is to maintain incentive for market participants to continue to supply services to the market during market suspension pricing schedule periods.<sup>6</sup> During periods of market suspension, participants are paid the price set according to the market suspension pricing schedule – however if the price received is less than the preliminary compensation calculated<sup>7</sup>, participants can receive payment up to the preliminary compensation amount. Participants are empowered to submit claims to AEMO for additional compensation to cover their direct costs.<sup>8</sup>

### 2.1.3. Administered price compensation

The administered price compensation framework seeks to ensure participants are incentivised to continue to participate in the market during administered pricing periods. Set out in NER 3.14.6, participants may claim compensation due to the application of the administered price cap and where their costs to participate in the market are greater than their revenue earned under the administered price cap. The administered pricing compensation framework includes the provision of opportunity costs.<sup>9</sup> Unlike directions and market suspension compensation, no preliminary compensation is defined for administered price compensation as participants will receive the administered price cap for energy or market ancillary services provided. Claims for compensation are administered by the AEMC. The June 2022 NEM events likewise demonstrated issues with the design of the administered price compensation framework, including the confusion created where directions were issued during administered price periods, governance across market bodies, and time to assess compensation claims.

## 2.2. The AEMC's review

The AEMC concluded its review into the national electricity market (NEM) electricity compensation frameworks for directions, market suspension and administered pricing in December 2024. The review was prompted by disruptive market events in June 2022 which made evident issues with the compensation frameworks, thereby compromising their

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<sup>6</sup> NER 3.14.5A

<sup>7</sup> Benchmark methodology 3.14.5A(h)

<sup>8</sup> NER 3.14.5B

<sup>9</sup> NER 3.14.6(o)

efficiency and effectiveness. In concluding its review, the AEMC made a variety of recommendations, including to:

- specify a separate objective for directions compensation
- allow opportunity costs in each compensation category
- improve the method for calculating directions compensation
- nominate AEMO to receive all compensation claims and assess them together with the independent expert
- improve administrative rules and timelines, and clarifying obligations on claimants.

### 2.2.1. AEMC stakeholder engagement

The AEMC completed two rounds of stakeholder consultation as part of the compensation frameworks review. Stakeholders considered that while the July 2022 market events were caused by a confluence of issues, the incentives to continue to supply were reduced due to the inconsistencies across and lack of clarity around how the various compensation frameworks would apply. Stakeholders were generally supportive of the 14 recommendations and that they would provide clarity, consistency, and timeliness across the compensation frameworks.<sup>10</sup>

## 2.3. The current Rules

The below table breaks down relevant elements of the current rules that were considered within the Review and subject to amendment in this proposal.

**Table 1 Comparison of the different compensation frameworks**

	Directions (energy)	Directions (other)	Market Suspension	Administered Pricing
<b>Objective</b>	No objective stated	No objective stated	Maintain incentive for supply of energy, ancillary services or wholesale demand response during market suspension pricing periods <b>3.14.5A(a)</b>	Maintain incentive for supply of energy, ancillary services or wholesale demand response during price limit events <b>3.14.6(c)</b>
<b>Eligibility</b>	Participant who receives a direction for energy or market ancillary services <b>3.15.7(a1)</b>	Participant who receives a direction for services other than energy or market ancillary services <b>3.15.7A(a)</b>	Suppliers of energy or wholesale demand response during a market suspension pricing schedule period in a suspended region or region subject to price scaling <b>glossary</b>	Registered participants during an eligibility period if total costs exceed total revenue. Eligibility period is the end of the trading day where the APP occurred <b>3.14.6</b>
<b>Initial payment</b>	(May be dispatched via wholesale market and received payment)	N/A	Market suspension price	Spot price capped at the APC

<sup>10</sup> AEMC, Compensation Frameworks Review – Final Report, December 2024, p. iii. - <https://www.aemc.gov.au/sites/default/files/2024-12/Final%20report.pdf>

	Directions (energy)	Directions (other)	Market Suspension	Administered Pricing
<b>Preliminary compensation methodology</b>	90 <sup>th</sup> percentile of spot price for the 12 preceding months per region <b>3.15.7(c)</b>	N/A	Benchmark value for generation if benchmark value is greater than market suspension price received. Set out in the market suspension compensation methodology <b>3.14.5A(e)</b>	N/A
<b>Administrator of the framework</b>	AEMO <b>3.15.7B(a)</b>	AEMO <b>3.15.7A</b>	AEMO <b>3.14.5B(a)</b>	AEMC <b>3.14.6(j)</b>
<b>Timeframe for submission of additional claim</b>	15 business days after preliminary compensation notification <b>3.15.7B(a)</b>	15 business days after AEMO advises that the participant is eligible for compensation <b>3.15.7A(f)</b> .	15 business days after preliminary compensation notification <b>3.14.5B(a)</b>	5 business days after notification that APP has ended <b>3.14.6(i)</b>
<b>Eligible costs</b>	Direct costs and loss of revenue <b>3.15.7B(a)(1)</b>	Direct costs and loss of revenue <b>3.15.7A(g)</b>	Direct costs <b>3.14.5B(a)</b>	Direct costs and opportunity costs <b>3.14.6(a)</b> Opportunity costs defined in the AEMC compensation guidelines <b>3.14.6(e)</b>
<b>Timeframe for assessment</b>	Intervention settlement timetable <b>3.15.7B(c)</b>	Intervention settlement timetable <b>3.15.7A(h)</b>	Intervention settlement timetable <b>3.14.5B(f)</b>	Direct costs 45 days after notice Opportunity costs 35 days after notice <b>3.14.6(l)</b> and <b>3.14.6(o)</b> Subject to time extension <b>3.14.6(t)</b>
<b>Independent expert</b>	If the claim is >=\$20,000 or the sum of all claims are >=\$100,000 <b>3.15.7B(c)</b>	If the claim is >=\$20,000 <b>3.15.7A(h)</b>	If the claim is >=\$50,000 (optional) <b>3.14.5B(f)</b>	Not specified
<b>Direct costs</b>	Fuel, incremental maintenance, incremental manning, acceleration of maintenance work, delay for maintenance work, other costs <b>3.15.7B(a3)</b>	Fuel, incremental maintenance, incremental manning, acceleration of maintenance work, delay for maintenance work, other costs <b>3.15.7A(g)</b>	Fuel costs, incremental maintenance costs, incremental manning costs, other direct costs <b>3.14.5B(d)</b>	Direct costs incurred due to a price limit event <b>3.14.6(a)</b>
<b>Supporting information</b>	Itemise each component of the claim, contain sufficient data and information, signed by an authorised officer <b>3.15.7B(b)</b>	N/A	Itemise each component of the claim, contain sufficient data and information, signed by an authorised officer <b>3.14.5B(c)</b>	Information that AEMC reasonably considers required to enable assessment of claim <b>3.14.6(j)(2)</b>
<b>Costs or limitations to claim</b>	Only claims greater \$5,000 <b>3.15.7B(a4)</b>	N/A	AEMO may recover an administrative fee <b>3.14.5B(e)</b>	AEMC may recover costs incurred to assess claim <b>3.14.6(v)</b>

## 2.4. Cost recovery

In this rule change request, AEMO is not proposing any specific amendments be made to the cost recovery allocation for directions. Changing the cost recovery approach for directions would add additional complexity to the compensation frameworks whilst only addressing a single cost allocation issue in isolation.

The Review's Final Report made a recommendation in support of Tilt's rule change request for compensation for "capacity directions" to be recovered from consumers.<sup>11</sup> Capacity directions are not an explicit direction type under the NER, instead they are recovered under the other compensable services frameworks on the basis of Adjusted Consumed Energy (ACE) and Adjusted Sent Out Energy (ASOE).

While AEMO agrees with the premise of the issue in theory, i.e., consumers are the beneficiaries of increased reliability from capacity directions, no amendment to this effect is included in this rule change. Other compensable services directions are used in practice as a catch-all where cost recovery is consistent across the category and AEMO does not consider capacity directions should be defined separately for the purposes of cost recovery. This would create additional complexity and set a precedent for separating categories of directions. Further, AEMO considers that these are broader concerns regarding the allocation and recovery of non-energy costs in the NEM including:

- Allocating non-energy costs (such as contingency FCAS) on the basis on MWh
- Circular recovery where a participant is both paid and pays for a service
- Varied directions e.g., capacity directions, directions to charge, which may provide both reliability and security depending on the system need. As such, the theoretical payee could be viewed on the basis of both or either generated or consumed energy.

Similar issues are present in other parts of the NER (such as the cost recovery for security contracts). Given this, AEMO considers that all cost recovery questions should be considered holistically either in a separate rule change or review. Such a review could consider the principles that should underpin cost recovery and the options available to the market to recover costs.

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<sup>11</sup> Tile Renewable, 2023, Capacity directions costs recovery - <https://www.aemc.gov.au/sites/default/files/2023-08/ERC0373%20-%20Tilt%20Renewables%20-%20Recovery%20of%20Funds%20for%20Capacity%20Directions.pdf>

### 3. The issues

This section sets out the issues that this rule change proposal is looking to address.

#### 3.1. Differences in the compensation frameworks

There are differences between the compensation frameworks that aren't justified and can lead to confusion or conflicting incentives. These differences add to the overall complexity of the Rules. Table 1 sets out the many differences between the compensation frameworks.

The differences between the compensation frameworks that create issues include:

- Methodologies for preliminary compensation and direct costs eligible for compensation – preliminary compensation for directions differs to that for market suspension. This could result in preliminary compensation for directions being higher than that for market suspension which may create an incentive for market participants to wait to be directed during market suspension.
- Objectives, timeframes, and costs that may be claimed – which adds unnecessary complexity to the Rules and creates confusion and administrative burden given the need to navigate different rules to lodge claims.
- Administration and information requirements – AEMO administers the directions and market suspension frameworks and the AEMC administers the administered pricing framework. Under this arrangement, claims are either submitted to AEMO or the AEMC with different supporting information requirements.

The issues created by differing compensation frameworks are particularly acute when the frameworks overlap as became apparent during the events of June 2022.<sup>12</sup> Participants noted that having to submit claims to different organisations led to confusion and uncertainty about cost recovery. If the current governance arrangements were to continue, this could have an impact on the effectiveness of the administered pricing compensation process to maintain the incentive for participants to provide services in a future event and result in an increased risk of poor reliability outcomes.

#### 3.2. Preliminary compensation

Another issue is the persistent use of the additional claims process for directions claims. Preliminary compensation at the 90<sup>th</sup> percentile has historically been insufficient in covering participant costs to comply with the direction, thus reducing its effectiveness quickly and accurately providing payment to market participants. This has resulted in the majority of directed participants submitting additional claims.

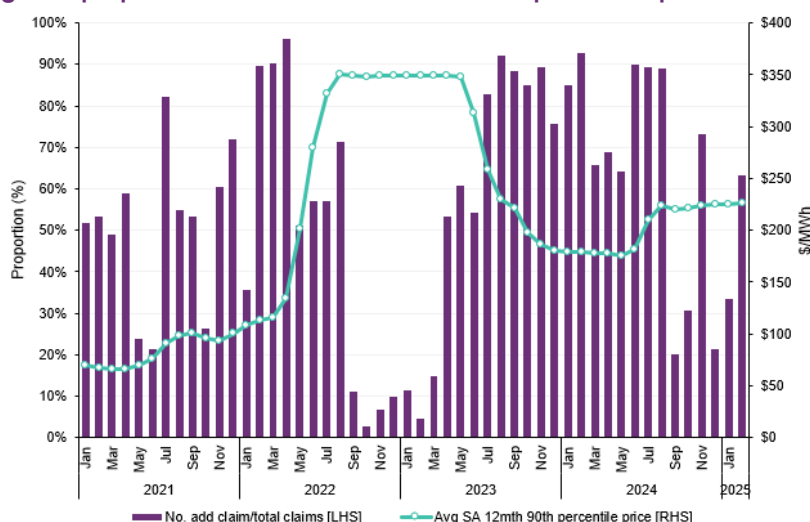
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<sup>12</sup> Australian Energy Market Commission, Consultation paper Electricity compensation review, 2 November 2023, p. 27.

Figure 1 below shows the proportion of directions compensation payments per month that received additional claims, demonstrating higher preliminary compensation (90<sup>th</sup> percentile) reduces the number of additional claims.

Additional claims can be costly to prepare and administer. Claimants need to itemise, evidence and justify the claim. The participant must also engage in consultation on the claim. AEMO must process these claims and typically must engage an independent expert consultant to assess claims.

**Figure 1 proportion of claims relative to the 90<sup>th</sup> percentile price**



### 3.3. Evolving market interventions

Directions to new and evolving technologies being connected to the NEM (like BESS) highlight issues with the existing frameworks. Historically, most directions have been South Australian system security directions, where AEMO directs gas generation online or to operate at a defined output level to maintain system security in the region. More recently, however, AEMO has been directing BESS to both charge and discharging energy.

AEMO has assessed these BESS of directions as eligible for directions compensation under both NER 3.15.7(a1)(1) and NER 3.15.7(a1)(2).<sup>13</sup>

- NER 3.15.7(a1)(1) includes when energy is being provided under direction, compensated using the 90<sup>th</sup> percentile plus provisions for additional claims. Directions may include periods where BESS is directed to discharge energy to be available to consume later if necessary.
- 3.15.7(a1)(2) includes a direction where energy as a service is not being provided. In this case, directions may include BESS directed to remain at zero or directed to

<sup>13</sup> AEMO, Victorian Minimum System Load conditions - <https://aemo.com.au/-/media/files/initiatives/der/managing-minimum-system-load/vic-msl-directions-process.pdf?la=en>

consume. As energy or market ancillary service is not received, these directions are captured under the framework of other compensable services. BESS are entitled to claim a fair payment compensation.

The need to claim compensation across multiple frameworks for these BESS directions is confusing and adds to the cost of submitting claims. This confusion would be compounded should directions be made during periods of market suspension or administered pricing. Market participants have expressed a desire for a simpler process.

AEMO considers that this issue would be addressed if a single part of the rules covered all claims for directions compensation. If this was the case, claimants would not need to navigate differing rules to submit compensation claims.

### 3.4. Cost recovery reporting

The reporting obligations for directions are set out in NER 3.13.6A of the Rules. NER 3.13.6A(b) requires that “as soon as reasonably practicable after AEMO has, in accordance with clause 3.15.10C, included the amounts arising from a direction in a settlement statement provided under clause 3.15.15”, AEMO must publish:

- (1) the compensation recovery amount arising from the direction as calculated under clause 3.15.8(a) for the period of the direction;
- (2) details of the calculation of the regional benefit determined under clause 3.15.8(b1);  
and
- (3) a breakdown of the compensation recovery amount by each category of Registered Participant, as determined by AEMO in each region.”

Non-energy costs are no longer recovered based on Registered Participant. Instead the Integrating Energy Storage Systems (IESS) rule introduced the new term *cost recovery market participant* where non-energy cost recovery is now based on participant gross energy flows, using ACE and ASOE. Non-energy costs include all costs for directions, market suspension and administered price recovery. The requirement for AEMO to report directions recovery by Registered Participant is not practical nor accurate as AEMO no longer splits the data and allocates cost recovery in this way.

This issue is also present for the reporting of reliability and emergency reserve trader (RERT) recovery costs. NER 3.20.6(f)(2) requires AEMO to report “a breakdown of the recovery of those costs (including an amount expressed in \$/MWh) from each Market Customer or Integrated Resource Provider as determined by AEMO in each region”. This requirement does not reflect the way the IESS has impacted the NER and this reporting is not reflective of the intent of the IESS rule. Participants can have multiple registration categories and the ACE energy that non-energy cost recovery is now based on cannot easily be split within participant categories, as there is no direct relationship between their sites and what category they are

registered under. Whilst this rule change proposal focuses on the compensation frameworks, AEMO considers that this RERT reporting issue should be addressed under this rule change given its similarity to the directions recovery reporting issue.

## 4. How the proposal will address the issues

### 4.1. The intent of this rule change proposal

In preparing this rule change proposal, AEMO has considered how the compensation frameworks can be aligned and improved, guided by the following principles:

- Market participants should have confidence that they will be appropriately compensated for providing services during periods of market stress.
- The compensation frameworks should provide stakeholders with confidence that the electricity system will continue operation during periods of market disruption.
- The compensation frameworks should be clear, straight forward and efficient. This extends to all aspects of the claims process including the preparation, lodgement, administration and assessment of claims.
- The methodology for preliminary compensation should be reasonably cost reflective resulting in a sensible volume of additional claims without being overly complex or difficult to administer.
- The compensation frameworks should conform with the settlements process.<sup>14</sup>

This proposal seeks to ensure compensation frameworks are fit-for-purpose in supporting ongoing operations of the electricity market at times of market stress, administratively efficient and appropriately designed to operate through the energy transition. AEMO proposes the compensation frameworks are amended to:

- Restructuring the Rules such that there is a single, clear and streamlined approach for compensation in the NEM, under one section of the rules. This includes the bringing together of directions (both energy/ancillary services and other compensable services), market suspension and administered pricing compensation into a single Rules framework.
- Implement the majority of recommendations from the compensation frameworks, to:
  - allow claimants to be able to claim opportunity costs under each of the frameworks.
  - have a single approach to calculating preliminary compensation for both directions and market suspension.
  - make AEMO be the entity responsible for the administration of claims.
  - have an independent expert assess all opportunity cost claims.
  - have the AEMC maintain responsibility for guidelines on opportunity cost claims.
  - clarify the application of administered pricing compensation.

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<sup>14</sup> So all claims are factored into the revised statement issued 30 weeks after the relevant billing week.

- have the same time limits on all compensation claims, a single list of direct costs that may be claimed and the same required supporting information.
- Clarify aspects of the rules that require clarification and remove problematic reporting requirements.

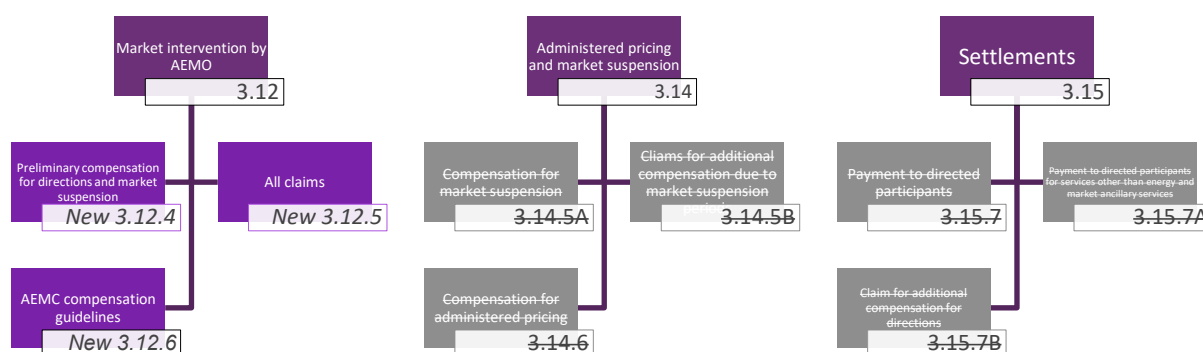
## 5. Proposed Rule

The following sections set out and explain AEMO’s proposed rule changes.

### 5.1. Aligning the compensation frameworks

To align the compensation frameworks AEMO proposes to introduce new clauses into the rules that would cover compensation for directions (energy, ancillary services and other compensable services), market suspension and administered pricing. These would replace the existing clauses within NER 3.14 and 3.15 that govern the compensation frameworks as shown in Figure 2 below.

Figure 2 Compensation frameworks rule changes



AEMO is proposing new clauses 3.12.4, 3.12.5 and 3.12.6 to cover each of the compensation frameworks. The following proposal is drafted on this basis. The new 3.12.4 would cover preliminary compensation for directions and market suspension events. The new 3.12.5 would cover the claims process for all compensation types and 3.12.6 would cover the updated AEMC compensation guidelines.

Table 2 Structure of the proposed preliminary drafting of NER 3.12.4, 3.12.5 and 3.12.6

Clause	Description	Origin of the clause
3.12.4	<b>“Preliminary compensation”</b>	
3.12.4(a)-(b)	Sets out eligibility requirements. AEMO is not proposing that eligibility for preliminary compensation changes.	Updated from existing clause 3.15.7(a),(a2) to include prelim compensation for directions and market suspension
3.12.4(c)	Ensures compensation paid includes interest (reflecting the existing requirement).	Existing clause 3.15.7(b)
3.12.4(d)	Preliminary compensation methodology for directions and market suspension. <ul style="list-style-type: none"> <li>Sets out an example formula for calculating preliminary compensation for directions and market suspension that calculates preliminary compensation using] upon the volume weighted average price (VWAP) by technology type and by region</li> <li>Allows for the application of a fixed cost factor to adjust the VWAP account for the higher proportion of fixed costs relative to variable costs a directed participant will incur in complying with short duration or low-output directions.</li> </ul>	New clause

Clause	Description	Origin of the clause
3.12.4(e)	Retains the arrangement under market suspension where the preliminary compensation the higher of the preliminary compensation methodology or the market suspension pricing schedule.	New clause giving effect to existing requirement under 3.14.5 and 3.14.5A
3.12.4(f)	Retains arrangements where a Directed Participant's (who provided a dispatch bid or rebid), the Direction participant is entitled to receive compensation at a price equal to the price in that dispatch bid or rebid	Existing clause 3.15.7(d)
3.12.4(g)	AEMO notify participant of the amount they are entitled to receive	Updated from 3.14.5A(g)
3.12.4(h)	New clause notifying participants that preliminary compensation is not payable. Note: AEMO is not proposing to replicate clauses 3.15.7A(a) to (d) in the amended rules. Whether claimants are eligible to receive compensation can be resolved in the claims process.	
3.12.5	<b>"Claims for compensation"</b>	
3.12.5(a)	Definitions	Updated from clause 3.14.6(a) to apply for all claims.
3.12.5(b)	Sets the requirement for AEMO to compensate claimants for the costs of providing services less any revenues already earned.	Updated based on 3.15.7B(a)
3.12.5(c)	Specifies the services eligible for compensation. These reflect current NER requirements for compensation for: <ul style="list-style-type: none"> <li>energy or ancillary services directions</li> <li>other compensable services directions</li> <li>market suspension pricing schedule periods</li> <li>administered pricing periods.</li> </ul>	Updated based on 3.15.7(a2) but combing eligibility to include other compensable services, market suspension and APP
3.12.5(d)	Specifies the eligible costs that may be claimed, including opportunity costs and direct costs which are consistent across directions, market suspension and administered pricing.	Updated from 3.15.6(g)(3) to apply across frameworks
3.12.5(e)	Sets out the revenues that must be deducted from any costs when determining compensation.	New clause drawing on 3.15.7A(g)(1) and 3.15.7B(a2).
3.12.5(f)	Specifies that claimants must also be compensated for interest given the time elapsed since the service was provided.	Replicates 3.15.7(b)
3.12.5(g)	Specifies the deadline for making a claim. This is 33 business days from the end of the relevant billing week in accordance with current timeframes.	Updated based on 3.15.7B(a2)
3.12.5(h)	Specifies a size threshold for claims across all services of \$10,000. This is higher than the current threshold of \$5,000 that has been in place since the NER's inception.	Updated based on 3.15.7B(a4), 3.12.2(b), 3.12.2(i)
3.12.5(i)	Specifies the information that a claimant must submit to support a claim	Updated based on 3.15.7B
3.12.5(j)	Specifies when AEMO must refer a claim to an independent expert. This clause reflects the existing clauses in the NER that govern when a claim may be referred to an independent expert. The clause also allows for the referral of complex or contentious claims to an independent expert. Note: AEMO is proposing that the threshold for requiring claims be referred to the independent expert be raised to \$50,000 noting that AEMO may also refer claims involving issues of complexity or difficulty to the independent expert.	Updated based on 3.15.7(h) and 3.15.7B(c)
3.12.5(k)	Requires AEMO to notify the claimant if AEMO deems the claim involves issues of complexity or difficulty or the claim is for costs that may not be permitted under the rules, or the compensation is materially higher than what might be considered reasonable; or the claim is for the costs of providing services that may not be recovered. This provides the claimant and independent expert clarification as to why their claim is being referred when this otherwise may not be clear.	New clause
3.12.5(l)	Sets out the matters that AEMO must include in the terms of appointment for the independent expert. This has been updated to allow for its application to a broader range of claims. This clause also allows AEMO to pass information to the independent expert that may be necessary for the consideration of opportunity cost claims.	Updated based on existing 3.15.7A(j)
3.12.5(m)	Allows AEMO to assess claims where these aren't being assessed by the independent expert.	Existing 3.15.7A(k)
3.12.5(n)	Allows AEMO to determine at its sole discretion compensation where claims aren't lodged within isn't lodged within the deadline.	Existing 3.15.7A(l)
3.12.5(o)	Applies the obligations for AEMO to:	Existing 3.15.7A(m)

Clause	Description	Origin of the clause
	<ul style="list-style-type: none"> <li>make a draft determination on a claim,</li> <li>allow 15 business days for the claimant to provide submissions on the draft, and</li> <li>make a final determination taking into account any submission made by the claimant.</li> </ul>	
3.12.5(p)	Provides that any AEMO final determination under 3.12.5(q) and 3.12.5(r) is final and binding.	Existing 3.15.7A(n)
3.12.5(q)	Specifies that AEMO may recover its an administrative fee for assessing claims reflecting current NER clauses 3.14.5B(e) and 3.14.6(v).	Updated based on 3.14.5B(e), 3.14.6(v)
3.12.6	<b>"Compensation guidelines"</b>	
3.12.6(a)-(b)	<p>Sets out new rules for the AEMC's compensation guidelines. Introduces provisions such that:</p> <ul style="list-style-type: none"> <li>the compensation guidelines must give effect to the compensation objectives</li> <li>the guideline must outline how the independent expert is to assess avoided costs (and may assess other categories of costs)</li> <li>sets out information requirements that the claimant must make to support a compensation claim</li> </ul> <p>sets out how the independent expert should determine the fixed cost factor</p>	Updated from clause 3.14.6 to apply for all directions
3.12.6(c)	Sets out objectives for compensation. This objective retains the existing objectives for administered pricing and market suspension and introduces the AEMC's proposed objective for directions.	Updated from 3.14.6(c) and 3.14.5A(a).

## 5.2. Objectives

AEMO has introduced an objective for directions compensation. This is intended to provide clarity to market participants. The distinction between the objective for directions and administered pricing and market suspension reflects the nature of the specific interventions. Under AEMO's rule change, the current objectives for administered pricing and market suspension will be retained. This rule change aligns with the AEMC's recommendation.

## 5.3. Preliminary compensation

The new rule 3.12.4 proposes the introduction of a single approach for determining preliminary compensation for directions and market suspension. This will remove a difference between preliminary compensation for market suspension and directions that might provide a financial incentive for market participants to wait to be directed. AEMO's indicative rules drafting uses the VWAP as the basis for preliminary compensation. AEMO sets out issues with the VWAP approach that need to be considered and addressed prior to its application below.

AEMO is not proposing any changes to the eligibility criteria for preliminary compensation. As per the current rules, preliminary compensation would only be paid for the provision of energy or market ancillary services under direction or for services during market suspension pricing schedule periods. Preliminary compensation for these claims can be calculated using market data. Equivalent market data to use to calculate claims for other compensable services isn't available.

### 5.3.1. Volume weighted average price

AEMO has provided an indicative approach in the proposed rule using a VWAP by technology type methodology as the basis for preliminary compensation. However, AEMO considers that there remain open questions regarding the practical application of VWAP as the preliminary compensation methodology that should be explored through the AEMC's consultation process.

The AEMC Review found volume weighted average price as preferable to the 90<sup>th</sup> percentile as the prices were expected to better compensate actual costs because the sample of prices only includes those where the generator type would choose to participate in the market. While a VWAP by technology type has benefits from being a price-based approach that can be calculated using dispatch and market prices, there are other considerations to its suitability as the preferred methodology. Another consideration is the ongoing calculation of the VWAP. To inform consultation, the approach set out in the indicative approach includes a rolling 12-month calculation of VWAP that is calculated weekly in line with the settlement billing week. This VWAP calculation also excludes trading intervals with an active intervention in the region from the calculation.

Matters that require further consideration include the following:

- What to do in the circumstances when a small number of extreme prices in the data used to calculate VWAP may bias the calculation – leading to overcompensation for a whole technology type? Would, it be appropriate to remove outliers in the historical data, and if so, how should this be done? Would using the median rather than the average be a preferential?
- Should there be a minimum amount of data for the calculations? What if there is limited generation of a specific generation type within a region. What approach should be applied when new generation is installed in a region?
- How should dual fuel plant or integrated systems be considered in the calculations?

Exploring these issues will be relevant in identifying a preferred methodology for preliminary compensation that can deliver the certainty for claimants while improving the efficiency and timeliness of considering claims.

### 5.3.2. Fixed cost adjustment

If using a VWAP methodology, AEMO considers a straight VWAP may undercompensate many market participants for the costs of complying with directions where those directions don't reflect how the participant would typically behave in the market. For instance, a direction to synchronise or plant to operate at minimum operating level, using only VWAP i.e., a \$/MWh rate, will be lower than the costs incurred to comply with the direction. Where market participants are directed to provide lower volumes of energy or to operate for shorter periods

than they otherwise usually would, the fixed costs of the provision of services will make up a much higher proportion of the total cost. A fixed cost adjustment is intended account for these higher fixed costs and would only apply to preliminary compensation for directions.

Under a VWAP methodology, applying a fixed cost adjustment will have the benefit of reducing the need for further claims, thereby reducing the costs of preparing and assessing claims that are ultimately borne by customers. Minimising the need for additional claims as a primary benefit of this rule change proposal and key to streamlining and increasing the efficiency of the compensation frameworks. Further, applying a fixed cost adjustment would make preliminary compensation more cost reflective mitigating potential cash-flow issues due to insufficient preliminary compensation.

Under AEMO's proposed rule the methodology for fixed cost adjustments would be determined by the AEMC in its compensation guidelines and calculated by an independent expert in advance of being applied. The fixed cost adjustment could differ depending on technology type (and may be zero for assets that have low start-up costs). AEMO considers having a fixed cost adjustment would make the VWAP, if the preferred methodology, more cost reflective. Having the fixed cost adjustment specified in the compensation guidelines would provide clarity to participants regarding the preliminary compensation they are entitled to receive. Having this adjustment in combination with a dynamic calculation of VWAP, allows preliminary compensation to be reflective of both fixed generator costs and more recent market and price dynamics.

AEMO's indicative rules drafting allows for a flexible approach to be taken to calculating the fixed cost adjustment. The fixed cost adjustment may be variable depending on the nature of a direction (e.g. a decreasing value depending on the duration of a direction). The fixed cost adjustment should only be positive (increase preliminary compensation) where directions are for a shorter duration, or for less energy, than the average reflected in the VWAP. For instance, if a class of generation operates on average for 1 hour, then the VWAP would be cost reflective for generating periods of 1 hour, but not cost reflective of shorter generating periods. This is important to ensure that the fixed cost adjustment does not over-compensate directed participants.

### 5.3.3. Implementation timeframes

AEMO notes that it would need to update its processes and systems to automate the calculation of preliminary compensation. These updates will take time to deliver, and the time will depend on the complexity of the calculation. AEMO is already committed to undertaking several systems changes in the coming years. AEMO submits that, in determining the timeframes for the implementation of this compensation frameworks rule, sufficient time should be allowed to ensure that AEMO may appropriately update its systems.

## 5.4. Claims process

Under AEMO's rule change request, a new clause, 3.12.5 is proposed to cover the process for all claims for directions, market suspension or administered pricing compensation. AEMO's proposal seeks to implement the following:

- AEMO will receive all compensation claims
- Participants can claim opportunity costs across each framework. Opportunity costs are to be assessed by an independent expert
- The compensation guidelines are to clarify the method for assessing opportunity costs to be governed by the AEMC
- Administered cost claims are assessed on a trading interval basis and on an individual unit basis in line with assessment of directions and market suspension claims
- A new time limit for claimants to submit applications and supporting information applies
- The definitions of direct costs should be harmonised across the frameworks

These proposed changes align with the AEMC's Review recommendations.

## 5.5. Removing ambiguity, unnecessary process and duplicative requirements

Currently, separate claims must be lodged for energy directions, other compensable services directions, market suspension claims and administered pricing claims. This leads to confusion regarding the application of frameworks, for instance when:

- When a direction to a battery energy storage system includes incorporates both energy services and other compensable services, or
- When directions are made during a period of market suspension or administered pricing.

Under the rule change request, a claimant may lodge a claim for the costs of the provision of services that covers each of the separate existing frameworks. This removes ambiguity regarding which process applies to which claims – and the need for clarification under the rules as to which claims process applies when multiple may apply. It also mitigates the possibility of double counting costs claimed across the different frameworks.

Currently, under NER 3.15.7A(a) to (d) a process exists to determine whether a claimant is eligible to submit a claim for other compensable services. AEMO considers that this process is unnecessary. AEMO considers that such an assessment should be conducted together with an

assessment of the costs of a claim (as the two are linked). Given this, to simplify the claims process the request proposes to remove this requirement.

## 5.6. Compensation cost recovery

AEMO considers that there are aspects of the compensation cost recovery rules that would benefit from clarification. AEMO proposes the following clarifications, noting the request does not include specific drafting to give effect to these changes:

- Recovery for administered pricing should be determined on a trading interval basis, with costs recovered from the region where the price is set by the APC.
- Currently, under NER 3.15.8 directions are recovered based upon energy input and output<sup>15</sup> during ‘intervention price trading intervals’. However, intervention pricing under NER 3.9.3 does not always come into effect for a direction. As such, AEMO recommends that the AEMC generalise this requirement to cover all intervention trading intervals in which services are provided pursuant to a direction.

## 5.7. Cost recovery reporting

AEMO proposes the removal of legacy clauses that require cost recovery to be split. This includes the removal of:

- Clause 3.13.6A(b)(3) – as part of directions reporting
- Clause 3.20.6(f)(2) – as part of Reliability and Emergency Reserve Trader (RERT) reporting.

AEMO has not proposed specific drafting in this request but requests the AEMC remove the requirement to provide a breakdown of compensation costs by Registered Participant category. The changes to cost recovery allocation from IESS are such that AEMO no longer splits cost recovery amounts by registered participant category. Any estimated splits on this basis cannot be an accurate or true representation of cost allocation across the market.

AEMO is also proposing changes to the RERT framework to address a similar issue. This amendment is required due to changes in the cost recovery arrangements under the IESS into the NEM rule change. The current reporting requirements of RERT cost recovery in NER 3.20.6(f)(2) are for AEMO to show recovery by participant registration category. This does not reflect the way the IESS rule changed the NER with cost recovery now done on the basis on *cost recovery market participant* and as calculated based on either Adjusted Consumed Energy (ACE) or Adjusted Sent Out Energy (ASOE).

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<sup>15</sup> For energy directions cost recovery is based upon adjusted consumed energy. For non-energy and non-NSCAS directions cost recovery is based upon adjusted consumed energy and adjusted sent out energy.

## 5.8. The submission of compensation claims

### Threshold for submitting compensation claims

The rule change request proposes a threshold for additional claims of \$10,000 per claim. The current threshold for submitting claims of \$5,000 for energy and market ancillary services has been in place since the first version of the rules. Inflation since 2005 has led to this threshold being too low relative to the costs of assessing claims. AEMO proposes to that the \$10,000 threshold apply to all claims to avoid the cost of assessing a claim being higher than the value of that claim.

### Administrative fee to recover the costs of assessing claims

Currently under the NER, AEMO and the AEMC may recover the costs of assessing market suspension and administered pricing claims from claimants. AEMO proposes this requirement be extended to the cost of assessing all claims.

This would ensure that AEMO may recover the costs of assessing claims where these are significant or where there is a high volume of claims for which the costs of assessing could otherwise impact on the delivery of AEMO's other functions. Such a fee would also create a disincentive for market participants to submit spurious claims.

## 5.9. The role of the AEMC

Under the proposed rule, the AEMC's compensation guidelines would be broadened to cover the application of opportunity costs across each of the compensation frameworks to be administered by AEMO.

Broadening the scope of this guideline also provides the opportunity for that guideline to provide guidance for claimants regarding the preparation and assessment of all compensation claim types. Under the proposed rule, the scope of the compensation guideline will be broadened to cover:

- the calculation of the fixed cost factor,
- costs other than opportunity costs, if further guidance is deemed necessary by the AEMC, and
- the information claimants must submit to justify a claim.

This will provide consistent, independent AEMC guidance on aspects of the claims process. It will also ensure that the AEMC may update details of the claims process without needing to initiate a rule change (noting the NER consultation procedures will still apply).

## 5.10. Timeframes

The proposed rule introduces a deadline for the submission of supporting information for administered pricing claims. This rule change also seeks to apply a consistent deadline for the submission of claims across each of the frameworks.

AEMO also proposes rule 3.12.1 be amended to provide AEMO flexibility regarding the timeframes for the assessment of claims. This aligns with the AEMC's position from the Final Report that "there is merit in providing AEMO with an ability to extend the timelines for the assessment of more complex and difficult additional claims (including opportunity cost claims) and agrees that there may be market events that result in a significant number of complex claims that need to be assessed, for which a time extension facility is justified".<sup>16</sup>

AEMO proposes to retain the current 33 business day deadline for lodging directions and market suspension claims. AEMO does not consider extending that deadline to 60 business days, as recommended by the AEMC is, fit for purpose. While AEMO appreciates the concerns raised by stakeholders in the AEMC's Review, including constraints around organisational resourcing during periods of system stress and challenges associated with preparing opportunity cost claims, on balance, AEMO does not consider additional time delivers net benefits. The rule proposal seeks to will simplify and clarify the claims process mitigating the need for additional time to prepare claims:

- The AEMC's compensation guidelines will clarify what opportunity cost are and how opportunity cost claims should be evidenced and justified.
- Aligning the frameworks will improve and simplify the claims process in many ways, including:
  - reducing the volume of claims by having a more cost-reflective initial compensation payment, and
  - removing confusion regarding which framework applies (as a single framework will apply to all claims) and aligning the direct costs that may be claimed across the frameworks
- Removing the need to prepare multiple separate claims such as for energy and other directions relating to the same billing period. Claimants will retain the opportunity to make written submissions on a draft assessment of their claim.

Additionally, extending the deadlines for the submission of claims will have consequences for the timely processing of NEM settlements and require further settlement system changes. This would not align with the intent of the forthcoming shortened settlement cycle arrangements. For instance, AEMO would not always be able to meet the requirement to

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<sup>16</sup> AEMC, Final report - Review into electricity compensation frameworks, December 2024, p. 34.

accommodate payment into its routine revised statement 30 weeks after the billing period. In such a circumstance, AEMO would need to issue a special revised statement. This would delay the time it ultimately takes to settle the market. Such delays would impact other dependent matters such as the management of prudentials, the transferal of registration, and ceasing market participation. Market participants would also have to ingest and account for the special revised statement.

### **5.11. Transitional matters**

AEMO considers that transitional rules may be required to clarify how the new rules will apply to compensation for events that happened under the old rules. AEMO considers that the new rules should only apply to events that occurred, in whole, after the commencement of the new rules.

There may also need to be transitional rules for the preparation of the relevant guidelines by the AEMC and AEMO. AEMO considers that these timeframes and dates should be determined once any new guideline requirements are clarified. AEMO notes that systems changes required to accommodate the new rules will take time to implement which need to be accommodated within NER transitional arrangements.

## 6. How the proposed Rule contributes to the National Electricity Objective (NEO)

Compensation frameworks support the orderly operation of the power system by providing a safety net that enable market participation in the event of disruption to normal market mechanisms. This rule change request will strengthen underlying confidence in market participation, providing for enhanced reliability and security outcomes during times of system stress. While the design and intention of the security frameworks is to help reduce the reliance on directions through the energy transition, it is important for the last resort directions framework to operate efficiently and effectively when required. The proposed rule seeks to ensure the effectiveness of these compensation arrangements.

The proposed changes to the compensation framework also improves the administrative efficiency to the benefit of consumers in the long term. Existing arrangements for compensation for directions are heavily administrative with participants required to frequently submit additional claims for manual assessment by AEMO and an independent expert. Changes to the preliminary compensation methodology as well as clarifications on eligibility for “energy” and “other compensable services” directions will reduce the need for additional claims and administrative burden on market participants. Efficiency gains will be realised by consumers as resources within participant businesses and AEMO are freed up and applied to more value adding activities, thus providing better value to consumers.

The rule changes will promote predictability and transparency by clarifying and improving the operation of compensation frameworks. The AEMC considers that these changes would ultimately lead to improved reliability and security outcomes for consumers.<sup>17</sup>

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<sup>17</sup> AEMC, Compensation frameworks review – final report, page 5 - <https://www.aemc.gov.au/sites/default/files/2024-12/Final%20report.pdf>

## 7. Expected benefits and costs of the proposed Rule

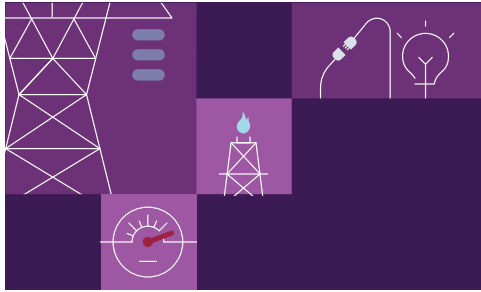
There is a need to clarify, align and streamline compensation frameworks under the National Electricity Rules (NER) to support the orderly and efficient operation of electricity market. The benefits of this rule change proposal are that it will:

- provide market participants with confidence that they will be appropriately compensated for providing services during periods of market stress,
- provide stakeholders with confidence that the electricity system will continue to operate despite disruption, and
- reduce the cost and effort of preparing, lodging, administering, and assessing claims.

There will be costs associated with transitioning to the new Rules. AEMO will need to update its systems and the AEMC will need to publish compensation guidelines. AEMO considers that the benefits of the new Rules will well outweigh the costs of transitioning to the new Rules.

## Appendix A. Indicative drafting

Appendix A contains indicative drafting as outlined in section 5 of this rule change request. AEMO notes that additional consequential amendments to the rules will be required, which have not been included in the indicative drafting.



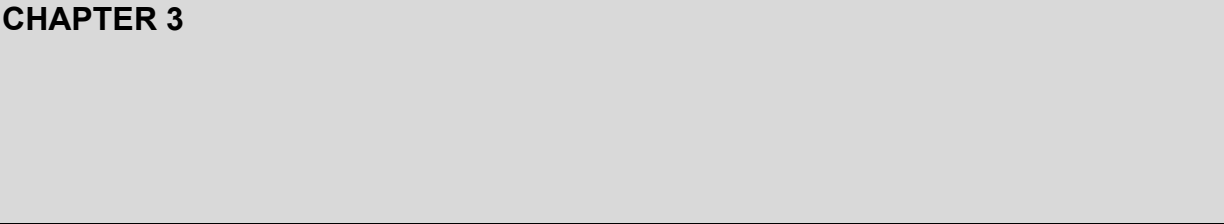
## **ALIGNING COMPENSATION FRAMEWORKS INDICATIVE RULE DRAFTING**

### Base rules and change-marking

This document is a mark-up of extracts from the National Electricity Rules (NER) showing AEMO's proposed amendments in underline for additions and strikeout for deletions.

The mark-up is shown against NER version 233, in effect as at 31 July 2025.

**CHAPTER 3**



### 3. Market Rules

...

#### 3.12 Market Intervention by AEMO

##### 3.12.1 Intervention settlement timetable

- (a) *AEMO* must use reasonable endeavours to complete and fulfil its obligations set out in clauses 3.12.2, 3.12.3, 3.12.4, 3.12.5, ~~3.14.5A~~, ~~3.14.5B~~, 3.15.6B, ~~3.15.7~~, ~~3.15.7A~~, ~~3.15.7B~~, 3.15.8, 3.15.8A, 3.15.9 and 3.15.10C such that final determinations of all total amounts payable or receivable by *AEMO* under clauses 3.12.2, 3.12.5, ~~3.15.7(a)~~, 3.15.8, 3.15.8A and 3.15.9 for each *AEMO* intervention event and/or market suspension pricing schedule period (as the case may be) ending during a *billing period* are reflected:
- (1) if practicable, in the *routine revised statement* issued approximately 20 weeks after the relevant *billing period*; and
  - (2) in the *routine revised statement* issued approximately 30 weeks after the relevant *billing period*.
- (b) Subject to clause 3.12.1(a), *AEMO* must *publish* a timetable that sets a date for each of *AEMO*'s and the independent expert's obligations pursuant to clauses 3.12.2, 3.12.3, 3.12.4, 3.12.5, ~~3.14.5B(f)~~, ~~3.14.5B(g)~~, ~~3.15.7~~, ~~3.15.7A~~, ~~3.15.7B~~, 3.15.8, 3.15.8A and 3.15.10C, where required (the *intervention settlement timetable*).
- (c) *AEMO* must at least once a month revise and *publish* the *intervention settlement timetable* to reflect any changes to the *intervention settlement timetable*.

...

Note: drafting of 3.12.4 is illustrative and intended to inform consultation and should be read in the context of AEMO's comments on preliminary compensation.

##### 3.12.4 Preliminary compensation

- (a) Subject to paragraph (b), AEMO must pay compensation to Market Suspension Compensation Claimants and Market Participants that provided energy or market ancillary services pursuant to a direction or during a market suspension pricing schedule period preliminary compensation calculated in accordance with paragraphs (d), (e) or (f).
- (b) For the purpose of paragraph (a), a Directed Participant provides energy or market ancillary services if it provided one or more of the following services pursuant to a direction:
- (1) energy;
  - (2) market ancillary services;

- (3) a service that is a direct substitute for *energy* or a *market ancillary service*; or
- (4) a service where *energy* or *market ancillary services* are provided incidental to the provision of that service, including without limitation:
- (i) *inertia*;
  - (ii) *voltage control*; and
  - (iii) *system strength*.
- (c) For the purposes of clauses 3.15.8, 3.15.8A and 3.15.10C the amount of compensation due to a *Market Participant* pursuant to paragraph (a) must include interest on that amount computed at the average bank bill rate for the period beginning on the day on which payment was required to be made under clauses 3.15.16 and 3.15.17 in respect of the *final statement* for the *billing period* in which the *market suspension pricing schedule period* occurred or in which the *direction* was issued and ending on the day on which payment is required to be made pursuant to clause 3.15.10C.
- (d) Subject to paragraphs (e) and (f), the compensation payable to each *Market Participant* under paragraph (a) is to be determined in accordance with the formula set out below:

$$CP = (VWAP_{t,r} + FCA_{t,r}) \times DQ$$

Where:

CP = the amount of compensation the *Market Participant* is entitled to receive;

FCA<sub>t,r</sub> = the *Fixed Cost Adjustment* for a class of technology ‘t’ (the type of *Generator*, *Integrated Resource Provider* or *Ancillary Service Provider*) within a region ‘r’ as specified in the AEMC’s *Compensation Guidelines*;

DQ is:

- (A) During a *market suspension pricing schedule period* the sum of sent out generation (in MWh), or the sum of the relevant *market ancillary services* (in MW) divided by 12, or the sum of the *wholesale demand response settlement quantities*.
- (B) Or otherwise, for a *direction* outside of a *market suspension pricing schedule period*:
- a. the difference between the total adjusted gross *energy* delivered or consumed by the *Directed Participant* and the total adjusted gross *energy* that would have been delivered or consumed by the *Directed Participant* had the *direction* not been issued; or
  - b. the amount of the relevant *market ancillary service* which the *Directed Participant* has been enabled to provide in response to the *direction* divided by 12.

VWAP<sub>t,r</sub> = the relevant *Volume Weighted Average Price* for a class of technology ‘t’ (*Generator*, *Integrated Resource Provider* or

Ancillary Service Provider) within a region 'r' as calculated in accordance with the following formula (excluding all trading intervals with an active intervention)

$$VWAP_{r,t} = \frac{\sum_{TI=ST}^T (RRP_{TI} \times \sum MW_{TI,t,r})}{\sum_{TI=ST}^T (\sum MW_{TI,t,r})}$$

where:

TI = a trading interval

RRP<sub>TI</sub> = the regional reference price (from the pricing run) for a given TI

$\sum MW_{TI,t,r}$  = the total MW used for dispatch (from the physical run) in a TI for a class of technology 't' (Generator, Integrated Resource Provider or Ancillary Service Provider) within a region 'r'.

T = the first trading interval in the month immediately prior to the commencement of market suspension or the time a *direction* is issued. The start of the trading day is 4am.

ST = the trading interval starting 1 year prior to the start of T.

(e) Where prices determined using the *market suspension pricing schedule* are higher than the relevant VWAP, compensation must be determined using the *market suspension pricing schedule*.

(f) If at the time AEMO issues a *direction*:

(1) the *Directed Participant* had submitted a *dispatch bid* or *rebid* acknowledged by AEMO in accordance with clause 3.8.8 for *dispatch* of the service that is to be *dispatched* in accordance with the *direction*; and

(2) the *direction* was issued because AEMO was prevented from *dispatching* the *Directed Participant's plant* in accordance with that *dispatch bid* or *rebid* due to a failure of the *central dispatch process*,

the *Directed Participant* is entitled to compensation at a price equal to the price in that *dispatch bid* or *rebid* acknowledged by AEMO in accordance with clause 3.8.8, as the case may be.

(g) AEMO must, in accordance with the *intervention settlement timetable*, advise each *Market Participant* in writing of the amount the *Market Participant* is entitled to receive under this clause.

**Determination that preliminary compensation is not payable**

(h) If AEMO determines that a *Directed Participant* is not entitled to preliminary compensation in relation to a *direction* under paragraph (a), AEMO must within 10 business days of making the determination, notify the relevant *Directed Participant* of:

(1) the date and time of the relevant *direction*;

(2) the *directed resource* the subject of the relevant *direction*;

(3) the circumstances of the relevant *direction*;

- (4) AEMO's position as to whether the *direction* required the provision of services, other than *energy* or *market ancillary services*, under paragraph (b); and
- (5) AEMO's reasons for its determination.

### **3.12.5 Claims for compensation**

#### **Definitions**

- (a) For the purpose of this clause 3.12.5

**Claimant** means a *Market Participant* that submits a claim for compensation to AEMO under paragraph (g).

**direct costs** means the costs directly incurred by the Claimant due to the *direction, price limit event, market suspension pricing schedule* in accordance with clause 3.12.5(e)(2).

**fixed cost adjustment** means the adjustment determined under clause 3.12.4(i).

**opportunity costs** means the value of opportunities foregone by the *Claimant* due to the *direction, price limit event, market suspension pricing schedule period* as defined in the *Compensation Guidelines*.

**Preliminary compensation** means compensation paid in accordance with clause 3.12.4.

#### **Price limit event means:**

- (1) for *Scheduled Generators, Scheduled Integrated Resource Providers, Non-Scheduled Generators, Non-Scheduled Integrated Resource Providers* and *Demand Response Service Providers*:
  - (i) the *spot price* for a *trading interval* is set by the *administered price cap* during an *administered price period*; or
  - (ii) the *spot price* for a *trading interval* is set as a result of the application of clause 3.14.2(e)(2);
- (2) for *Market Participants* in respect of *scheduled load*:
  - (i) the *spot price* for a *trading interval* is set by the *administered floor price* during an *administered price period*; or
  - (ii) the *spot price* for a *trading interval* is set as a result of the application of clause 3.14.2(e)(4); and
- (3) for *Scheduled Network Service Providers*:
  - (i) the *spot price* for a *trading interval* for a *region* towards which the *Scheduled Network Service Provider* is transporting power is set by the *administered price cap* during an *administered price period*;  
or
  - (ii) the *spot price* for a *trading interval* for a *region* towards which the *Scheduled Network Service Provider* is transporting power is set as a result of the application of clause 3.14.2(e)(2).

- (4) for Ancillary Service Providers, in respect of an ancillary service unit, the ancillary service price for a trading interval is set by the administered price cap during an administered price period.

**Compensation – claims**

- (b) AEMO must pay compensation to Claimants for the categories of costs specified in paragraph (d) incurred in the provision of services specified in (c), less any revenues specified in (e).
- (c) Claimants are eligible for compensation for the provision of:
- (1) energy or market ancillary services pursuant to a direction under this clause 3.12.5; or
  - (2) services, other than energy or market ancillary services, pursuant to a direction (**other compensable services**) for those services determined under clause 3.12.4; or
  - (3) energy, ancillary services, scheduled load to consume energy, wholesale demand response provided in pricing intervals during price limit event(s) within a region in which a price limit event occurred; or
  - (4) a Scheduled Network Service Provider transferring energy towards that region in which a price limit event occurred; or
  - (5) A Scheduled Generator, Scheduled Integrated Resource Provider or a Demand Response Service Provider who supplied energy or wholesale demand response during a market suspension pricing schedule period:
    - (i) in a suspended region; or
    - (ii) in a region where spot prices were affected in accordance with clause 3.14.5(f); or
  - (6) an Ancillary Service Provider in a suspended region, in respect of an ancillary service unit which is also a scheduled resource, who provided market ancillary services during a market suspension pricing schedule period.
- (d) Claimants may only be compensated for the following costs:
- (1) Opportunity costs incurred during the relevant trading intervals as determined in accordance with the Compensation Guidelines;
  - (2) the net direct costs incurred by the Claimant, during the relevant trading intervals, including without limitation:
    - (i) Energy input costs;
    - (ii) Operating and maintenance costs directly attributable to the pattern of operation to provide services, including acceleration or delay costs of maintenance work;
    - (iii) Wear and tear directly attributable to the pattern of operation during the relevant trading intervals; and
    - (iv) Other costs directly incurred in the provision of the service subject to the claim.

Claimants are not entitled to compensation for costs for which compensation has already been paid under paragraph (b).

- (e) Any compensation under paragraph (b) must include an adjustment for revenues:
- (1) earned from preliminary compensation payment made under clause 3.12.4; or
  - (2) the Claimant is entitled to receive in accordance with clauses 3.15.6 and 3.15.6A for the provision of a service; or
  - (3) from relevant contractual arrangements which specify a price for the relevant service.
- (f) For the purposes of clauses 3.15.8, 3.15.8A and 3.15.10C compensation due to a Claimant pursuant to paragraph (e) must include interest on that amount computed at the average bank bill rate for the period beginning on the day on which payment was required to be made under clauses 3.15.16 and 3.15.17 in respect of the final statement for the billing period in which the direction was issued or when the market suspension pricing schedule period occurred and ending on the day on which payment is required to be made pursuant to clause 3.15.10C.
- (g) Market Participants are entitled to submit a claim for compensation pursuant to paragraph (b) by making a written submission to AEMO no later than 33 business days after the last billing week to which the claim relates and in accordance with the market intervention settlement timetable.
- (h) A Claimant may only make a claim pursuant to paragraph (g) if the amount of the claim is greater than \$10,000.
- (i) The claims pursuant to paragraph (g) must:
- (1) Specify the basis for the claim, the services subject to the claim, the trading intervals in which the services were provided and the units that provided the services.
  - (2) itemise each component of a claim;
  - (3) contain sufficient data and information to substantiate each component of opportunity costs and additional direct costs incurred, as the case may be; and
  - (4) be signed by an authorised officer of the Claimant certifying that the written submission is true and correct.

**Referral to independent expert**

- (j) AEMO must, in accordance with the Intervention Settlement Timetable refer a claim to an independent expert to determine such claim in accordance with clause 3.12.3 if:
- (1) the claim is equal to or greater than \$50,000; or
  - (2) the claim concerns eligibility under paragraphs (c)(3) and (c)(4); or
  - (3) the claim concerns the recovery of opportunity costs; or

- (4) AEMO considers that the assessment of the claim involves issues of complexity or difficulty; or
- (5) if AEMO deems that:
- i. the claim is for costs other than listed in paragraph (d); or
  - ii. the compensation is materially above what would be reasonable compensation for costs under paragraph (d); or
  - iii. the claim is for the costs of providing services other than those listed in paragraph (c).
- (k) If AEMO considers that either of paragraphs (j)(4) or (j)(5) apply, AEMO must, in accordance with the *Intervention Settlement Timetable* advise the *Claimant* in writing of its decision, setting out its reasons.
- (l) AEMO must include as part of the terms of appointment of an independent expert all the requirements set out in clause 3.12.3(c), and the additional following requirements:
- (1) that the independent expert must, in determining compensation for the purposes of this clause 3.12.5, must take into account:
    - (i) the following principles:
      - (A) the disinclination of *Directed Participants* to provide a service under *direction* must be disregarded; and
      - (B) the urgency of the need for the provision of a service under *direction* must be disregarded;
    - (ii) the *Compensation Guidelines*; and
    - (iii) any other information that AEMO considers relevant to the independent expert's assessment of the claim.
  - (2) that the independent expert's draft report must set out a description of the services provided; and
  - (3) that the independent expert's final report must set out the description of the services provided.

**Determination by AEMO**

- (m) If none of the factors set out in paragraph (j) apply, then AEMO must, after taking into account any information received in accordance with paragraph (g), determine in its sole discretion the amount of compensation payable to a *Claimant* in relation to a claim pursuant to paragraph (g).
- (n) Subject to paragraph (j), if a *Claimant* entitled to make a claim under paragraph (g) has not lodged such a claim with AEMO within 33 *business days* after the last *billing week* to which the claim relates and in accordance with the *Intervention Settlement Timetable*, then AEMO may at its sole discretion determine the amount of compensation payable to that *Claimant* or refer the claim to an independent expert under paragraph (j)(4) and (j)(5).
- (o) If AEMO decides in accordance with either of paragraphs (m) or (n) to determine compensation payable to a *Claimant* under this clause 3.12.5 in

relation to that *Claimant's* claim pursuant to paragraph (g) *AEMO* must in accordance with the *Intervention Settlement Timetable*:

- (1) publish and deliver in writing to the relevant *Claimant* a draft determination detailing *AEMO's* calculation of the amount of compensation receivable by that party pursuant to (b), and request submissions from the *Claimant* on that draft determination;
  - (2) take into consideration any written submission made by the relevant *Claimant* in relation to the draft determination, if *AEMO* receives a submission within 15 *business days* of delivering the draft assessment to that *Claimant*; and
  - (3) prepare, publish and deliver in writing to the relevant *Claimant* its final determination of the amount of compensation receivable by that *Claimant*.
- (p) The final determination by *AEMO* under paragraph (o) is final and binding.
- (a)(q) *AEMO* may recover from a *Claimant* an administrative fee to assist in recouping costs that are incurred by *AEMO* in carrying out its functions under 3.12.5 in respect of that claim. For this purpose, *AEMO* may require the *Claimant* to pay all or a proportion of those costs to *AEMO* prior to the claim being considered or determined.

### **3.12.6 Compensation Guidelines**

- (a) The *AEMC* must, in accordance with the *transmission consultation procedures*, develop and *publish* guidelines (**Compensation Guidelines**) that:
- (1) gives effect to the compensation objective in paragraph (c);
  - (2) define the types of *opportunity costs* in relation to which a *Directed Participant* can make a claim under clause 3.12.5;
  - (3) outline the methodology to be used to calculate the amount of any compensation payable in respect of a claim under clause 3.12.5, including categories of *direct costs* and all *opportunity costs*;
  - (4) set out the information a *Claimant* must provide to enable the *AEMO* or the *Independent Expert* to make a determination as to compensation under clause 3.12.5;
  - (5) specify the classes of *Scheduled Generator*, *Scheduled Integrated Resource Provider* and *Ancillary Service Provider* to be used for the purpose of calculating the Volume Weighted Average Price under clause 3.12.4; and
  - (6) specify the *Fixed Cost Adjustments* to be used for the purpose of calculating the *Volume Weighted Average Price* under clause 3.12.4.
- (b) The *AEMC* may from time to time, in accordance with the *transmission consultation procedures*, amend or replace the *Compensation Guideline*.

#### **Compensation - objective**

- (c) The objective of the payment of compensation under clause 3.12.5 is to:

- (1) maintain the incentive for:
  - (A) Scheduled Generators, Non-Scheduled Generators, Scheduled Integrated Resource Providers, Non-Scheduled Integrated Resource Providers and Scheduled Network Service Providers to supply energy;
  - (B) Ancillary Service Providers to supply ancillary services;
  - (C) Market Participants with scheduled load to consume energy; and
  - (E) Demand Response Service Providers to supply wholesale demand response,  
during price limit events or market suspension pricing schedule periods;  
or
- (2) to enable Directed Participants to be compensated for the costs associated with complying with a direction.

### 3.14 Administered Price Cap and Market Suspension

...

#### 3.14.5A ~~Payment of compensation due to market suspension pricing schedule periods~~

##### ~~Compensation – objective~~

- (a) ~~The objective for the payment of compensation under this clause 3.14.5A and clause 3.14.5B is to maintain the incentive for:~~
  - (1) ~~Scheduled Generators and Scheduled Integrated Resource Providers to supply energy;~~
  - (2) ~~Ancillary Service Providers to supply market ancillary services; and~~
  - (3) ~~Demand Response Service Providers to supply wholesale demand response,~~  
~~during market suspension pricing schedule periods.~~

##### ~~Payment to Market Suspension Compensation Claimants~~

- (b) ~~Subject to paragraph (c), AEMO must pay compensation to Market Suspension Compensation Claimants calculated in accordance with paragraph (d) and clause 3.14.5B (as the case may be).~~
- (c) ~~For the purpose of clauses 3.15.8A and 3.15.10C, the amount of compensation due to a Market Suspension Compensation Claimant pursuant to paragraph (b) must include interest on that amount computed at the average bank bill rate beginning on the day on which payment was required to be made under clauses 3.15.16 and 3.15.17 in respect of the final statement for the billing period in which the market suspension pricing schedule period occurred and ending on the day on which payment is required to be made pursuant to clause 3.15.10C.~~

~~(d) Subject to clause 3.14.5B, the compensation payable to each *Market Suspension Compensation Claimant* is to be determined in accordance with the formula set out below:~~

$$C = CO - RE$$

~~where: - -~~

~~C = the amount of compensation the *Market Suspension Compensation Claimant* is entitled to receive.~~

~~CO = the costs the *Market Suspension Compensation Claimant* is deemed to have incurred during the *market suspension pricing schedule period*, to be determined in accordance with the formula set out below:~~

$$- - CO = (SOG \times BVG) + (MWE \times BVAS) + (MWDR \times BVDR)$$

~~- - where: - -~~

~~- - SOG = the sum of the *Market Suspension Compensation Claimant's* sent out generation (in MWh) during the *market suspension pricing schedule period*.~~

~~- - BVG = the amount (in \$/MWh) calculated in accordance with paragraph (e) below.~~

~~- - MWE = the sum of the relevant *market ancillary services* (in MW) which the *Market Suspension Compensation Claimant's* ancillary service unit has been enabled to provide during the *market suspension pricing schedule period*.~~

~~- - BVAS = the amount (in \$/MWh) calculated in accordance with paragraph (f) below.~~

~~- - MWDR = the sum of the *wholesale demand response settlement quantities* of the *Market Suspension Compensation Claimant* (in MWh) during the *market suspension pricing schedule period*.~~

- -  $BVDR =$  the amount (in \$/MWh) calculated in accordance with paragraph (f1) below.

$RE =$  the sum of the *trading amounts* determined pursuant to clauses 3.15.6 and 3.15.6A payable to the *Market Suspension Compensation Claimant* during the *market suspension pricing schedule period*,

and where  $C$  is a negative number, it will be deemed to be zero.

If a quantity of energy is both *sent out generation* and *wholesale demand response*, it must be included in the calculation of MWDR and not SOG.

(e) ~~The benchmark value for generation (BVG) at paragraph (d) is to be determined in accordance with the formula set out below and the *market suspension compensation methodology* developed under paragraph (h):~~

$$BVG = BC_{(av)} \times 1.15$$

where: - -

$BC_{(av)}$  = the capacity-weighted average of the benchmark costs (BC) (in \$/MWh) of all *Scheduled Generators* and *Scheduled Integrated Resource Providers* in the same class and same *region* as the *Market Suspension Compensation Claimant*, with each benchmark cost to be determined in accordance with the formula below:

- -  $BC = (FC \times E) + VOC$

- - where: - -

- -  $FC =$  the fuel cost (in \$/GJ) for the relevant *Scheduled Generator* or *Scheduled Integrated Resource Provider*.

- -  $E =$  the efficiency (in GJ/MWh) for the relevant *Scheduled Generator* or *Scheduled Integrated Resource Provider*.

- -  $VOC =$  the variable operating cost (in \$/MWh) for the relevant *Scheduled Generator* or *Scheduled Integrated Resource Provider*.

~~In each case, the above inputs (FC, E and VOC) are to be the same as the equivalent inputs published in the *ISP database*. If there is no equivalent input for "FC" or "E", it will be deemed to be 1. If there is no equivalent input for "VOC", it will be deemed to be zero.~~

- ~~(f) The benchmark value for *market ancillary services* (BVAS) at paragraph (d) is to be determined in accordance with the formula below:~~

$$\underline{\underline{BVG = BC_{(av)} \times \left( \frac{0.15}{n} \right)}}$$

~~where:~~

~~BC<sub>(av)</sub> has the same meaning as in paragraph (e) above.~~

~~n means the number of *trading intervals* within a one hour period.~~

- ~~(f1) The benchmark value for *wholesale demand response* (BVDR) at paragraph (d) is to be determined in accordance with the formula below:~~

$$BVDR = BCE_{(av)} \times 1.15$$

~~where:~~

~~BCE<sub>(av)</sub> means the value of BC<sub>(av)</sub> determined under paragraph (e) above (in \$/MWh) for a class of *Scheduled Generator* or *Scheduled Integrated Resource Provider* in the same region as the *Market Suspension Compensation Claimant*, as selected by AEMO in accordance with the *market suspension compensation methodology*.~~

- ~~(g) AEMO must, in accordance with the *intervention settlement timetable*, advise each *Market Suspension Compensation Claimant* in writing:~~
- ~~(1) whether the *Market Suspension Compensation Claimant* is entitled to receive compensation pursuant to paragraph (b); and~~
  - ~~(2) if so, the amount of compensation payable, as calculated in accordance with paragraph (d).~~

### **Market suspension compensation methodology and schedule of benchmark values**

- ~~(h) AEMO must develop, *publish* and make available on its website a methodology (*market suspension compensation methodology*) that specifies:~~
- ~~(1) the classes of *Scheduled Generator*, *Scheduled Integrated Resource Provider* and *Ancillary Service Provider* to be used for the purpose of calculating benchmark values;~~
  - ~~(2) the approach to be adopted by AEMO in calculating the benchmark values for each class of *Scheduled Generator*, *Scheduled Integrated Resource Provider* and *Ancillary Service Provider* in each region, including determining the equivalent inputs published in the *ISP database* for the purpose of the calculation in paragraph (e);~~
- ~~(2A) the approach to be adopted by AEMO in selecting the class of *Scheduled Generator* or *Scheduled Integrated Resource Provider* to be used when~~

~~determining the value of  $BC_{(av)}$  for the calculation in paragraph (f1);  
and~~

- ~~(3) AEMO's administrative fees associated with a claim for compensation under clause 3.14.5B or the manner in which those fees are to be determined.~~
- ~~(i) AEMO may amend the market suspension compensation methodology from time to time in accordance with the Rules consultation procedures. Notwithstanding this paragraph (i), AEMO may make minor and administrative amendments to the market suspension compensation methodology without complying with the Rules consultation procedures.~~
- ~~(j) AEMO must develop a schedule of benchmark values (**schedule of benchmark values**) for each class of Scheduled Generator, Scheduled Integrated Resource Provider and Ancillary Service Provider in each region, calculated in accordance with the formula set out in paragraphs (e) and (f), and using (where appropriate) the equivalent inputs published in the ISP database.~~
- ~~(k) AEMO must publish and make available on its website an updated schedule of benchmark values no later than one month after each publication of the Inputs, Assumptions and Scenarios Report.~~

### **3.14.5B [DELETED] Claims for additional compensation due to market suspension pricing schedule periods**

- ~~(a) Subject to paragraphs (b) and (c), Market Suspension Compensation Claimants may, within 15 business days of receipt of the notice referred to in clause 3.14.5A(g), make a written submission to AEMO claiming an amount equal to the amount by which its direct costs of supplying energy, market ancillary services or wholesale demand response during the market suspension pricing schedule period exceed the sum of:
  - ~~(1) any compensation payable to the Market Suspension Compensation Claimant under clause 3.14.5A with respect to that market suspension pricing schedule period;~~
  - ~~(2) the Market Suspension Compensation Claimant's "RE" as calculated under clause 3.14.5A(d); and~~
  - ~~(3) any other compensation which the Market Suspension Compensation Claimant has received or is entitled to receive in connection with the relevant generating unit or bidirectional unit supplying energy or market ancillary services or the relevant wholesale demand response unit supplying wholesale demand response during that market suspension pricing schedule period.~~~~
- ~~(b) Where a Market Suspension Compensation Claimant is a Directed Participant with respect to any trading interval during a market suspension pricing schedule period, such Market Suspension Compensation Claimant:
  - ~~(1) is entitled to make a claim under clause 3.15.7B(a); and~~
  - ~~(2) is not entitled to make a claim under this clause 3.14.5B.~~~~

- ~~(c) A written submission made by a *Market Suspension Compensation Claimant* pursuant to paragraph (a) must:~~
- ~~(1) itemise each component of the claim;~~
  - ~~(2) contain sufficient data and information to substantiate each component of the claim; and~~
  - ~~(3) be signed by an authorised officer of the *Market Suspension Compensation Claimant* certifying that the written submission is true and correct.~~
- ~~(d) For the purposes of paragraph (a), the direct costs incurred by the *Market Suspension Compensation Claimant* means, in respect of a *generating unit* or *bidirectional unit* supplying energy or market ancillary services:~~
- ~~(1) fuel costs in connection with the relevant *generating unit* or *bidirectional unit*;~~
  - ~~(2) incremental maintenance costs in connection with the relevant *generating unit* or *bidirectional unit*;~~
  - ~~(3) incremental manning costs in connection with the relevant *generating unit* or *bidirectional unit*; and~~
  - ~~(4) other direct costs reasonably incurred in connection with the relevant *generating unit* or *bidirectional unit*, where such costs are incurred to enable the *generating unit* or *bidirectional unit* to supply energy or market ancillary services during the *market suspension pricing schedule period*.~~
- ~~(d1) For the purposes of paragraph (a), the direct costs incurred by the *Market Suspension Compensation Claimant* means, in respect of a *wholesale demand response unit* supplying *wholesale demand response*:~~
- ~~(1) fuel costs in connection with the relevant *wholesale demand response unit*;~~
  - ~~(2) incremental maintenance costs in connection with the relevant *wholesale demand response unit*;~~
  - ~~(3) incremental manning costs in connection with the relevant *wholesale demand response unit*; and~~
  - ~~(4) other direct costs reasonably incurred in connection with the relevant *wholesale demand response unit*, where such costs are incurred to enable the *wholesale demand response unit* to supply *wholesale demand response* during the *market suspension pricing schedule period*.~~
- ~~(e) AEMO may recover from a *Market Suspension Compensation Claimant* an administrative fee to assist in recouping some of the costs incurred in carrying out its functions under this clause 3.14.5B (which costs may include fees for services rendered by an independent expert under clause 3.12.3). The administrative fees will be determined in accordance with the *market suspension compensation methodology* developed pursuant to clause 3.14.5A(h).~~
- ~~(f) AEMO:~~

~~(1) may (but is not required to) refer a claim by a *Market Suspension Compensation Claimant* under paragraph (a) to an independent expert to determine such claim in accordance with clause 3.12.3 where the claim is equal to or greater than \$50,000; and~~

~~(2) must determine in its sole discretion if any claims by a *Market Suspension Compensation Claimant* made under paragraph (a) and not referred to an independent expert under subparagraph (f)(1) are reasonable, and if so, pay the amount claimed in accordance with clause 3.15.10C;~~

~~in accordance with the *intervention settlement timetable*.~~

~~(g) Where *AEMO* considers a claim made by a *Market Suspension Compensation Claimant* under paragraph (a) to be unreasonable, it must:~~

~~(1) advise the *Market Suspension Compensation Claimant* of its determination in writing, setting out its reasons; and~~

~~(2) refer the claim to an independent expert to determine the claim in accordance with clause 3.12.3.~~

### 3.14.6 **[DELETED] Compensation due to the application of an administered price cap or administered floor price**

#### **Definitions**

~~(a) For the purposes of this clause 3.14.6:~~

~~**compensation guidelines** means the guidelines made by the *AEMC* under paragraph (e).~~

~~**direct costs** means the costs directly incurred by the claimant due to a price limit event~~

~~**direct cost only claim** means a claim made under paragraph (i) that does not include a claim for opportunity costs.~~

~~**draft opportunity cost methodology** has the meaning given to it in clause 3.14.6(o)(2).~~

~~**eligibility period** means the period starting at the beginning of the first *trading interval* in which the price limit event occurs in a *trading day* and ending at the end of the last *trading interval* of that *trading day*.~~

~~**opportunity costs** means the value of opportunities foregone by the claimant due to the price limit event as defined in the compensation guidelines.~~

~~**price limit event** means:~~

~~(1) for *Scheduled Generators, Scheduled Integrated Resource Providers, Non-Scheduled Generators, Non-Scheduled Integrated Resource Providers and Demand Response Service Providers*~~

~~(i) the *spot price* for a *trading interval* is set by the *administered price cap* during an *administered price period*; or~~

~~(ii) the *spot price* for a *trading interval* is set as a result of the application of clause 3.14.2(e)(2);~~

- ~~(2) — for *Market Participants* in respect of *scheduled load*:
  - ~~(i) — the *spot price* for a *trading interval* is set by the *administered floor price* during an *administered price period*; or~~
  - ~~(ii) — the *spot price* for a *trading interval* is set as a result of the application of clause 3.14.2(e)(4); and~~~~
- ~~(3) — for *Scheduled Network Service Providers*:
  - ~~(i) — the *spot price* for a *trading interval* for a *region* towards which the *Scheduled Network Service Provider* is transporting power is set by the *administered price cap* during an *administered price period*; or~~
  - ~~(ii) — the *spot price* for a *trading interval* for a *region* towards which the *Scheduled Network Service Provider* is transporting power is set as a result of the application of clause 3.14.2(e)(2).~~~~
- ~~(4) — for *Ancillary Service Providers*, in respect of an *ancillary service unit*, the *ancillary service price* for a *trading interval* is set by the *administered price cap* during an *administered price period*.~~

**relevant region** means a *region* in which the *spot price* or *ancillary service price* (as relevant) is set by the price limit event.

**submission closing date** has the meaning given to it in clause 3.14.6(o)(3).

**total costs** means the direct costs and opportunity costs determined in accordance with the compensation guidelines provided that, in the case of a claimant that is a *Market Network Service Provider*, the total costs must be the costs incurred due to transporting power towards the relevant region and must not include costs incurred, or revenues earned, due to transporting power away from the relevant region.

### **Eligibility for compensation**

- ~~(b) — If a price limit event occurs then the following are eligible to claim *Registered Participants* compensation for the eligibility period:
    - ~~(1) — a *Scheduled Generator*, *Non-Scheduled Generator*, *Scheduled Integrated Resource Provider*, *Non-Scheduled Integrated Resource Provider* or *Demand Response Service Provider* in the relevant region (but excluding *Non-Market Generators* and *Non-Market Integrated Resource Providers*);~~
    - ~~(2) — a *Market Participant* in respect of a *scheduled load* that has been *dispatched* in the relevant region in that eligibility period;~~
    - ~~(3) — a *Scheduled Network Service Provider* that transported power towards the relevant region; and~~
    - ~~(4) — an *Ancillary Service Provider* that provided *market ancillary services* in the relevant region in the eligibility period,~~~~
- ~~provided that the relevant claimant has incurred total costs during the eligibility period that exceed the total revenue it received from the *spot market* during that period.~~

### **Compensation – objective and basis**

- ~~(c) The objective of the payment of compensation under this clause 3.14.6 is to maintain the incentive for:~~
- ~~(1) *Scheduled Generators, Non Scheduled Generators, Scheduled Integrated Resource Providers, Non Scheduled Integrated Resource Providers and Scheduled Network Service Providers to supply energy;*~~
  - ~~(2) *Ancillary Service Providers to supply ancillary services;*~~
  - ~~(3) *Market Participants with scheduled load to consume energy; and*~~
  - ~~(4) *Demand Response Service Providers to supply wholesale demand response;*~~
- ~~during price limit events.~~
- ~~(d) The amount of compensation payable in respect of a claim under this clause 3.14.6 must be based on direct costs and opportunity costs.~~

### **Compensation guidelines**

- ~~(e) The AEMC must, in accordance with the *transmission consultation procedures*, develop and *publish guidelines (compensation guidelines)* that are consistent with paragraphs (c) and (d) and that:~~
- ~~(1) define the types of opportunity costs in relation to which a person can make a claim under this clause 3.14.6;~~
  - ~~(2) outline the methodology to be used to calculate the amount of any compensation payable in respect of a claim under this clause, including the methodology for calculating direct costs and opportunity costs; and~~
  - ~~(3) set out the information AEMO and a claimant must provide to enable the AEMC to make a determination as to compensation under this clause 3.14.6.~~
- ~~(f) The AEMC must ensure that there are compensation guidelines in place at all times.<sup>3</sup>~~

#### **Note:**

The first compensation guidelines were made on 30 June 2009 and have been amended from time to time since that date. The current version of the compensation guidelines are available on the AEMC's website [www.aeme.gov.au](http://www.aeme.gov.au).

- ~~(g) The AEMC may from time to time, in accordance with the *transmission consultation procedures*, amend or replace the compensation guidelines.~~

### **Process for making a claim**

- ~~(h) A person who is eligible under paragraph (b) may make a claim for compensation by providing the AEMC and AEMO with written notice of its claim in the form required by the compensation guidelines.~~
- ~~(i) A claim under paragraph (h) must be made within 5 *business days* of notification by AEMO that an *administered price period* has ended.~~

### **Initial steps on receipt of claim**

- ~~(j) Following its receipt of a notice under paragraph (h), the AEMC must promptly:~~
- ~~(1) publish a notice on its website stating that it has received a claim under paragraph (h). The notice must:~~
    - ~~(i) provide information on the general nature of the claim;~~
    - ~~(ii) state whether or not the claim is a direct cost only claim; and~~
    - ~~(iii) state that the AEMC will publish a notice when it commences formal assessment of the claim; and~~
  - ~~(2) seek such information from the claimant that the AEMC reasonably considers is required to enable assessment of the claim including, in the case of a claim other than a direct cost only claim, the methodology used by the claimant to determine its opportunity costs.~~

### **Formal commencement of claim**

- ~~(k) As soon as practicable after the AEMC is reasonably satisfied that it has sufficient information from the claimant to assess its claim, the AEMC must publish a notice on its website that it has formally commenced its assessment of the claim specifying whether or not the claim is a direct cost only claim.~~

### **Determination of direct cost only claims**

- ~~(l) Not later than 45 business days after publication of the notice under paragraph (k) in respect of a direct cost only claim, the AEMC must publish its final decision as to:~~
- ~~(1) whether compensation should be paid by AEMO in relation to the claim; and~~
  - ~~(2) if so, the amount of compensation that should be paid.~~
- ~~(m) Before making its final decision under paragraph (l) the AEMC must consult with the claimant.~~
- ~~(n) In making its final decision under paragraph (l), the AEMC must apply the compensation guidelines unless it is satisfied that there are compelling reasons not to do so.~~

### **Determination of claims other than direct cost only claims**

- ~~(o) In relation to a claim other than a direct cost only claim, the AEMC must, as soon as practicable but not later than 35 business days after publication of the notice under paragraph (k) publish:~~
- ~~(1) the claimant's proposed methodology for determining the claimant's opportunity costs;~~
  - ~~(2) the methodology the AEMC proposes to use in determining the claimant's opportunity costs (**draft opportunity cost methodology**); and~~

- ~~(3) — an invitation for written submissions to be made to the *AEMC* on the draft opportunity cost methodology by a date not less than 20 *business days* after the invitation is made (**submission closing date**).~~
- ~~(p) — Any person may make a written submission to the *AEMC* on the draft opportunity cost methodology by the submission closing date.~~
- ~~(q) — Not later than 35 *business days* after the submission closing date the *AEMC* must *publish* its final decision on:
  - ~~(1) — the methodology it will use in determining the claimant's opportunity costs; and~~
  - ~~(2) — whether compensation should be paid by *AEMO* in relation to the claim; and~~
  - ~~(3) — if so, the amount of compensation that should be paid.~~~~
- ~~(r) — Before making its decision on the matters referred to in paragraph (q), the *AEMC* must consult with the claimant.~~
- ~~(s) — In making its final decision as to the matters referred to in paragraph (q), the *AEMC* must:
  - ~~(1) — take into account the submissions made in response to the invitation to in subparagraph (o)(3); and~~
  - ~~(2) — apply the compensation guidelines unless it is satisfied that there are compelling reasons not to do so.~~~~

#### **Extensions of time**

- ~~(t) — Despite anything to the contrary in this clause 3.14.6, the *AEMC* may extend a period of time specified in this clause if it considers the extension reasonably necessary to enable it to properly assess the claim because of the complexity or difficulty of assessing the claim or because of a material change in circumstances.~~
- ~~(u) — The *AEMC* must publish any extension of time made under paragraph (t).~~

#### **Costs of claim**

- ~~(v) — The *AEMC* may recover from a claimant for compensation under this clause any costs that are incurred by the *AEMC* in carrying out their functions under this clause in respect of that claim. For this purpose the *AEMC* may require the claimant to pay all or a proportion of those costs to the *AEMC* prior to the claim being considered or determined.~~

### **3.15 Settlements**

...

#### **3.15.7 [DELETED]Payment to Directed Participants**

- ~~(a) Subject to paragraphs (b) and (d1), *AEMO* must pay compensation to *Directed Participants* calculated in accordance with clauses 3.15.7, 3.15.7A and 3.15.7B, as the case may be, for any service which the *Directed Participant* was required to provide in order to comply with the *direction*.~~

- ~~(a1) AEMO must compensate each Directed Participant for the provision of:~~
- ~~(1) energy or market ancillary services pursuant to a direction, under this clause 3.15.7 and clause 3.15.7B, as the case may be; and~~
  - ~~(2) services, other than energy or market ancillary services, pursuant to a direction (**other compensable services**), in accordance with the fair payment compensation for those services determined under clause 3.15.7A.~~
- ~~(a2) For the purpose of paragraph (a1) a Directed Participant provides energy or market ancillary services if it was directed to provide one or more of the following services:~~
- ~~(1) energy;~~
  - ~~(2) any one of the market ancillary services;~~
  - ~~(3) a service that is a direct substitute for energy or a market ancillary service; or~~
  - ~~(4) a service that was provided by the Directed Participant where energy or market ancillary services are provided incidental to the provision of that service, including without limitation:~~
    - ~~(i) inertia;~~
    - ~~(ii) voltage control; and~~
    - ~~(iii) system strength.~~
- ~~(b) For the purpose of clause 3.15.8 and 3.15.10C the amount of compensation due to a Directed Participant pursuant to clause 3.15.7(a) must include interest on the sum of that amount less any payment made in accordance with clause 3.15.10C(a), computed at the average bank bill rate for the period beginning on the day on which payment was required to be made under clauses 3.15.16 and 3.15.17 in respect of the final statement for the billing period in which the direction was issued and ending on the day on which payment is required to be made pursuant to clause 3.15.10C.~~
- ~~(c) Subject to clause 3.15.7(d) and clause 3.15.7B, the compensation payable to each Directed Participant for the provision of energy or market ancillary services pursuant to a direction is to be determined in accordance with the formula set out below:~~

$$\text{DCP} = \text{AMP} \times \text{DQ}$$

where:

- ~~DCP = the amount of compensation the Directed Participant is entitled to receive;~~
- ~~AMP = the price below which are 90% of the spot prices or ancillary service prices (as the case may be) for the relevant service provided by Scheduled Generators, Semi-Scheduled Generators, Scheduled Integrated Resource Providers, Integrated Resource Providers in respect of scheduled loads, Scheduled Network Service Providers, Demand Response Service Providers or Market Customers~~

~~in the region to which the direction relates, for the 12 months immediately preceding the trading day in which the direction was issued; and~~

~~DQ = is either:~~

~~(A) the difference between the total adjusted gross energy delivered or consumed by the Directed Participant and the total adjusted gross energy that would have been delivered or consumed by the Directed Participant had the direction not been issued; or~~

~~(B) the amount of the relevant market ancillary service which the Directed Participant has been enabled to provide in response to the direction.~~

~~(d) If at the time AEMO issues a direction:~~

~~(1) the Directed Participant had submitted a dispatch bid or rebid acknowledged by AEMO in accordance with clause 3.8.8 for dispatch of the service that is to be dispatched in accordance with the direction; and~~

~~(2) the direction was issued because AEMO was prevented from dispatching the Directed Participant's plant in accordance with that dispatch bid or rebid due to a failure of the central dispatch process,~~

~~the Directed Participant is entitled to receive compensation for the provision of that service at a price equal to the price in that dispatch bid or rebid acknowledged by AEMO in accordance with clause 3.8.8, as the case may be.~~

~~(d1) Where a Directed Participant is also a Market Suspension Compensation Claimant with respect to any trading interval in relation to which AEMO has issued a direction, such Directed Participant:~~

~~(1) may be entitled to compensation calculated in accordance with clause 3.14.5A(d); and~~

~~(2) is not entitled to compensation calculated in accordance with paragraph (c).~~

~~(e) AEMO must, in accordance with the intervention settlement timetable, advise each Directed Participant in writing of the amount the Directed Participant is entitled to receive pursuant to clause 3.15.7(c) or clause 3.15.7(d).~~

### **3.15.7A ~~[DELETED] Payment to Directed Participants for services other than energy and market ancillary services~~**

#### **~~AEMO to determine if Directed Participant provided an other compensable service~~**

~~(a) If AEMO has issued a direction, AEMO must, in its reasonable opinion, determine whether the Directed Participant that was issued the direction was required to provide an other compensable service in order to comply with that direction.~~

- ~~(b) — AEMO must within 10 business days of issuing the direction referred to in paragraph (a), notify the relevant Directed Participant of AEMO's determination under paragraph (a), and such notice must include:~~
- ~~(1) — the date and time of the relevant direction;~~
  - ~~(2) — the directed resource the subject of the relevant direction;~~
  - ~~(3) — the circumstances of the relevant direction;~~
  - ~~(4) — AEMO's determination as to whether an other compensable service was provided in order to comply with the direction and, if applicable, a description of the other compensable service provided; and~~
  - ~~(5) — AEMO's reasons for its determination.~~
- ~~(c) — If AEMO determines pursuant to paragraph (a) that the Directed Participant was not required to provide an other compensable service in order to comply with the relevant direction, the Directed Participant may, within 10 business days of receipt of the notice referred to in paragraph (b), make a written submission to AEMO setting out its reasons for why it considers that an other compensable service was required to be provided by the Directed Participant in complying with that direction.~~
- ~~(d) — AEMO must take into consideration any submissions referred to in paragraph (c), and must within 10 business days of receipt of such submissions, notify the Directed Participant of its final determination as to whether an other compensable service was required to be provided by the Directed Participant in complying with the relevant direction, including AEMO's reasons for its determination.~~

**~~Directed Participant not required to provide an other compensable service not entitled to compensation~~**

- ~~(e) — A Directed Participant that was not required to provide an other compensable service in order to comply with a direction:~~
- ~~(1) — is not entitled to compensation under this clause 3.15.7A; and~~
  - ~~(2) — is not entitled to claim additional compensation under clause 3.15.7B.~~

**~~Directed Participant required to provide an other compensable service can claim fair payment compensation~~**

- ~~(f) — If AEMO determines pursuant to paragraph (a) that the Directed Participant was required to provide an other compensable service in order to comply with the relevant direction, the Directed Participant may, within 15 business days of receipt of the notice referred to in paragraph (b), make a written submission to AEMO claiming compensation under this clause 3.15.7A at the fair payment compensation of the other compensable services provided pursuant to that direction.~~
- ~~(g) — For the purpose of determining the fair payment compensation under this clause 3.15.7A, the following must be taken into account:~~
- ~~(1) — relevant contractual arrangements which specify a price for the relevant service;~~

- ~~(2) — the loss of revenue incurred by the *Directed Participant* in respect of its *directed resource* as a result of the provision of the *other compensable service* under *direction*;~~
- ~~(3) — the net direct costs incurred by the *Directed Participant* in respect of that *directed resource* as a result of the provision of the *other compensable service* under *direction* including without limitation:
  - ~~(i) — fuel costs in connection with the relevant *directed resource*;~~
  - ~~(ii) — incremental maintenance costs in connection with the relevant *directed resource*;~~
  - ~~(iii) — incremental manning costs in connection with the relevant *directed resource*;~~
  - ~~(iv) — acceleration costs of maintenance work in connection with the relevant *directed resource*, where such acceleration costs are incurred to enable the *generating unit, load* or *scheduled network services* to comply with the *direction*;~~
  - ~~(v) — delay costs for maintenance work in connection with the relevant *directed resource*, where such delay costs are incurred to enable the *generating unit, load* or *scheduled network services* to comply with the *direction*; and~~
  - ~~(vi) — other costs incurred in connection with the relevant *directed resource*, where such costs are incurred to enable the *directed resource* to comply with the *direction*.~~~~

**AEMO must refer claims to an independent expert in certain circumstances**

- ~~(h) — *AEMO* must, in accordance with the *intervention settlement timetable* refer a claim by a *Directed Participant* pursuant to paragraph (f) to an independent expert to determine such claim in accordance with clause 3.12.3 if:
  - ~~(1) — the claim is equal to or greater than \$20,000; or~~
  - ~~(2) — *AEMO* considers that the claim is unreasonable; or~~
  - ~~(3) — *AEMO* considers that the assessment of the claim involves issues of complexity or difficulty.~~~~
- ~~(i) — If *AEMO* considers that either of paragraphs (h)(2) or (h)(3) apply, *AEMO* must, in accordance with the *intervention settlement timetable* advise the *Directed Participant* in writing of its decision, setting out its reasons.~~
- ~~(j) — *AEMO* must include as part of the terms of appointment of an independent expert all the requirements set out in clause 3.12.3(c), and the additional following requirements:
  - ~~(1) — that the independent expert must, in determining the fair payment compensation of the relevant *other compensable service* for the purposes of this clause 3.15.7A, only take into account:
    - ~~(i) — the factors referred to in paragraph (g); and~~
    - ~~(ii) — the following principles:~~~~~~

- ~~(A) the disinclination of *Directed Participants* to provide the *other compensable service* the subject of the *direction* must be disregarded; and~~
- ~~(B) the urgency of the need for the *other compensable service* the subject of the *direction* must be disregarded;~~
- ~~(2) that the independent expert's draft report must set out a description of the *other compensable services* provided in response to the *direction*; and~~
- ~~(3) that the independent expert's final report must set out the description of the *other compensable services* provided in response to the *direction*.~~

**AEMO may determine compensation itself in some circumstances**

- ~~(k) If none of the factors set out in paragraph (h) apply, then *AEMO* may, after taking into account any submissions received in accordance with paragraph (f), determine in its sole discretion the amount of compensation payable to a *Directed Participant* under this clause 3.15.7A in relation to that *Directed Participant's* claim pursuant to paragraph (f).~~
- ~~(l) Subject to paragraph (h), if a *Directed Participant* entitled to make a written submission pursuant to paragraph (f) has not provided such a submission to *AEMO* within 15 *business days* of receipt of the notice referred to in paragraph (b), then *AEMO* may at its sole discretion determine the amount of compensation payable to that *Directed Participant* under this clause 3.15.7A at the fair payment compensation of the *other compensable services* provided pursuant to the relevant *direction*.~~
- ~~(m) If *AEMO* decides in accordance with either of paragraphs (k) or (l) to determine compensation payable to a *Directed Participant* under this clause 3.15.7A in relation to that *Directed Participant's* claim pursuant to paragraph (f) *AEMO* must in accordance with the *intervention settlement timetable*:
  - ~~(1) *publish* and deliver in writing to the relevant *Directed Participant* a draft determination detailing *AEMO's* calculation of the amount of compensation receivable by that party pursuant to clause 3.15.7A, and request submissions from the *Directed Participant* on that draft determination;~~
  - ~~(2) take into consideration any written submissions made by the relevant *Directed Participant* in relation to the draft determination, if *AEMO* receives those submissions within 15 *business days* of delivering the draft assessment to that *Directed Participant*; and~~
  - ~~(3) prepare, *publish* and deliver in writing to the relevant *Directed Participant* its final determination of the amount of compensation receivable by that *Directed Participant* pursuant to this clause 3.15.7A.~~~~
- ~~(n) The final determination by *AEMO* in accordance with paragraph (m)(3) is final and binding.~~

**3.15.7B ~~[DELETED]~~ Claim for additional compensation by Directed Participants**

- ~~(a) Subject to clause 3.15.7B(a4), a *Directed Participant* entitled to compensation pursuant to clause 3.14.5A(d) or clause 3.15.7 may, within 15 *business days* of receipt of the advice referred to in clauses 3.14.5A(g) or 3.15.7(e), make a written submission to *AEMO* claiming an amount equal to the sum of:~~
- ~~(1) the aggregate of the loss of revenue and additional net direct costs incurred by the *Directed Participant* in respect of its *directed resource*, as the case may be, as a result of the provision of the service under *direction*; less~~
  - ~~(2) the amount notified to that *Directed Participant* pursuant to clause 3.14.5A(g) or clause 3.15.7(e); less~~
  - ~~(3) the aggregate amount the *Directed Participant* is entitled to receive in accordance with clause 3.15.6(e) for the provision of a service rendered as a result of the *direction*.~~
- ~~(a1) [Deleted]~~
- ~~(a2) Subject to clause 3.15.7B(a4), if a *Directed Participant* entitled to compensation pursuant to clause 3.15.7(d) considers that the amount notified pursuant to clauses 3.15.7(e) is less than the amount it is entitled to receive pursuant to that clause, the *Directed Participant* may, in accordance with the *intervention settlement timetable*, make a written submission to *AEMO* requesting compensation from *AEMO* for that difference.~~
- ~~(a3) For the purposes of the calculation of additional net direct costs pursuant to paragraph (a)(1), the additional net direct costs incurred by the *Directed Participant* in respect of *directed resource* includes without limitation:~~
- ~~(1) fuel costs in connection with the relevant *directed resource*;~~
  - ~~(2) incremental maintenance costs in connection with the relevant *directed resource*;~~
  - ~~(3) incremental manning costs in connection with the relevant *directed resource*;~~
  - ~~(4) acceleration costs of maintenance work in connection with the relevant *directed resource*, where such acceleration costs are incurred to enable the *Directed Participant* to comply with the *direction*;~~
  - ~~(5) delay costs for maintenance work in connection with the relevant *directed resource*, where such delay costs are incurred to enable the *Directed Participant* to comply with the *direction*;~~
  - ~~(6) other costs incurred in connection with the relevant *directed resource*, where such costs are incurred to enable the *Directed Participant* to comply with the *direction*;~~
- ~~(a4) In respect of a single *direction*, a *Directed Participant* may only make a claim pursuant to clauses 3.15.7B(a) or 3.15.7B(a2) if the amount of the claim is greater than \$5,000.~~
- ~~(b) The submissions pursuant to clauses 3.15.7B(a) and 3.15.7B(a2) must:~~
- ~~(1) itemise each component of a claim;~~

- ~~(2) contain sufficient data and information to substantiate each component of a claim for loss of revenue and additional direct costs incurred, as the case may be; and~~
- ~~(3) be signed by an authorised officer of the applicant certifying that the written submission is true and correct.~~
- ~~(c) AEMO must, in accordance with the *intervention settlement timetable*:~~
  - ~~(1) refer a claim by a *Directed Participant* under clause 3.15.7B(a) or 3.15.7B(a2) to an independent expert to determine such claim in accordance with clause 3.12.3 if the claim is equal to or greater than \$20,000 and the *additional intervention claim* that includes that claim is equal to or greater than \$100,000; and~~
  - ~~(2) determine in its sole discretion if all other claims by a *Directed Participant* in respect of that *direction* pursuant to clauses 3.15.7B(a) and 3.15.7B(a2) are reasonable and if so pay the amount claimed in accordance with clause 3.15.10C.~~
- ~~(d) If AEMO considers that a claim by a *Directed Participant* under clause 3.15.7B(a) or 3.15.7B(a2) is unreasonable, it must, in accordance with the *intervention settlement timetable*:~~
  - ~~(1) advise the *Directed Participant* of its determination in writing, setting out its reasons; and~~
  - ~~(2) refer the matter to an independent expert to determine the claim for compensation in accordance with clause 3.12.3.~~

**CHAPTER 10**

**10. Glossary**

Compensation guidelines means the guidelines made by the *AEMC* under clause 3.12.6.