

21 April 2009

Dr John Tamblyn
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235
Australia

By email: submissions@aemc.gov.au

Dear John,

Compensation Guidelines

Thank you for the opportunity to make a submission on the AEMC's proposed Compensation Guidelines (**guidelines**) which seeks to support the operation of clause 3.14.6 of the National Electricity Rules (**Rules**). NEMMCO's comments below relate to the information requirements that parties must provide.

Information Requirements from the Claimant

In certain circumstances, NEMMCO notes that a power system incident may lead to more than one claim for compensation under the Rules. For example, if NEMMCO needed to direct a Registered Participant during an administered price period a claimant could claim compensation under clauses 3.14.6 and 3.15.7.

NEMMCO suggests the AEMC consider the extent to which multiple compensation claims are permitted under the guidelines.

Information Requirements from NEMMCO

The proposed guidelines require NEMMCO to provide the AEMC with a verification of the facts identified by the claimant and provide a commentary on whether the events claimed are attributable to the application of an administered price cap, market suspension, VoLL, the market floor price or the administered floor price. NEMMCO considers that the guideline may also need to specify additional information requirements that NEMMCO should provide to the AEMC to assist in the calculation of the compensation claim, specifically:

- the spot market income the claimant received in respect the trading interval;
- the metered energy data used for the purposes of calculating the income; and
- any other data relevant to the calculation of the income, for example, the marginal loss factor.

Submission to AEMC Compensation Guidelines

Mansfield Office
PO Box 2516
Mansfield QLD 4122
Tel: (07) 3347 3100
Fax: (07) 3347 3200

Melbourne Office
Level 12
15 William Street
Melbourne VIC 3000
Tel: (03) 9648 8777
Fax: (03) 9648 8778

Norwest Office
PO Box 7326
Baulkham Hills BC NSW 2153
Tel: (02) 8884 5000
Fax: (02) 8884 5500

Sydney Office
Level 22, Norwich House
6-10 O'Connell Street
Sydney NSW 2000
Tel: (02) 9239 9199
Fax: (02) 9233 1965

Information Requirements to NEMMCO

Under the Rules, after the AEMC has determined to award compensation to a claimant due to the application of an administered price cap, VoLL, the market floor price or an administered floor price, NEMMCO must determine the amounts that Market Customers in the affected region must pay as a result of the imposition of one of these. Clause 3.15.10 requires NEMMCO to determine the amounts payable for each relevant trading interval by each Market Customer.

However, neither the Rules nor the proposed guidelines specify that the AEMC must provide NEMMCO with the awarded compensation payable with respect to a trading interval (half hourly). NEMMCO considers it is important that the AEMC notifies NEMMCO of the total amount of compensation payable for each trading interval because it is necessary to calculate the formula for the recovery of compensation as set out in clause 3.15.10(b). Presumably, since the formula in section 9 of the guidelines indicates that the total claimable amount is for costs incurred in a trading interval, this information would be available to be provided to NEMMCO.

NEMMCO notes that this expands the purpose of the guidelines to include requirements for the recovery of the amounts payable by Market Participants in accordance with clause 3.15.10 of the Rules.

We look forward to the AEMC's consideration of our submission. If there are an enquiries regarding this submission please contact Taryn Maroney on (02) 8884 5609.

Yours sincerely,



Brian Nelson
Head of Regulatory Affairs and Compliance