

# Additional Compensation Claim Q&A session

3 August 2022



We acknowledge the Traditional Owners of country throughout Australia and recognise their continuing connection to land, waters and culture.

**We pay respect to their Elders past, present and emerging.**

# AEMO Competition Law meeting protocol

AEMO is committed to complying with all applicable laws, including the Competition and Consumer Act 2010 (CCA). In any dealings with AEMO regarding proposed reforms or other initiatives, all participants agree to adhere to the CCA at all times and to comply with this Protocol. Participants must arrange for their representatives to be briefed on competition law risks and obligations.

Participants in AEMO discussions **must**:

1. Ensure that discussions are limited to the matters contemplated by the agenda for the discussion
2. Make independent and unilateral decisions about their commercial positions and approach in relation to the matters under discussion with AEMO
3. Immediately and clearly raise an objection with AEMO or the Chair of the meeting if a matter is discussed that the participant is concerned may give rise to competition law risks or a breach of this Protocol

Participants in AEMO meetings **must not** discuss or agree on the following topics:

1. Which customers they will supply or market to
2. The price or other terms at which Participants will supply
3. Bids or tenders, including the nature of a bid that a Participant intends to make or whether the Participant will participate in the bid
4. Which suppliers Participants will acquire from (or the price or other terms on which they acquire goods or services)
5. Refusing to supply a person or company access to any products, services or inputs they require

# Agenda

1. Welcome, introductions and preliminaries
2. Intervention summary
3. Recap on compensation
4. Additional compensation provisions
5. Requirements for claims
6. Questions and next steps

# Intervention summary – Wk25

Settlement Day	Sunday 12 June	Monday 13 June	Tuesday 14 June	Wednesday 15 June	Thursday 16 June	Friday 17 June	Saturday 18 June
Directions		[Yellow bar]					
Administered Pricing	Qld only	Qld, NSW, Vic, SA					
Market Suspension				MSPS in all regions			
RERT			NSW	NSW, Qld		NSW	
Intervention Pricing (AP/EP)		[Teal bar]					

# Intervention summary – Wk26

Settlement Day	Sunday 19 June	Monday 20 June	Tuesday 21 June	Wednesday 22 June	Thursday 23 June	Friday 24 June	Saturday 25 June
Directions	[Yellow bar]						
Administered Pricing	Qld, NSW, Vic, SA				Qld, NSW, Vic		
Market Suspension	MSPS in all regions					Dispatch pricing	
RERT							
Intervention Pricing (AP/EP)	[Teal bar]						

# Recap on compensation

- AEMO compensation is done in two stages – provision and final.
  - All provisional compensation has been determined and settled.
- Administered price period compensation uses the AEMC methodology.
- Market suspension compensation
  - Provisional compensation for directed and non-directed units uses the same benchmark value process
  - Additional compensation follows separate provisions for directed and non-directed units
- Fact sheets published on [NEM events and reports](#) page

# Directions compensation additional compensation

- During administered price periods follow the 3.15.7 process except for interaction with APP compensation:
  - AEMO provisional compensation has been determined and settled using 90<sup>th</sup> percentile pricing
  - AEMC APP compensation process will take AEMO compensation into account
  - AEMO additional compensation (November 2022 – January 2023, clause 3.15.7B) will take all previous compensation into account
- During market suspension:
  - AEMO provision compensation uses market suspension benchmark values
  - Additional compensation uses clause 3.15.7B process



# DP additional compensation

- Clause 3.15.7B
- Applies to all directions for energy and market traded services
- Compensation equals:
  - Aggregate loss of revenue and additional net direct costs
    - The rules provide detailed guidance on additional net direct costs.
  - LESS
  - Market suspension or directions compensation received
  - Trading amounts received under spot market transactions
- Trading amount formula is in clause 3.15.6(a)  
 $TA = AGE \times TLF \times RRP$

# Market suspension additional compensation – non-directed units

- Clause 3.14.5B
- Additional compensation equals
  - Direct costs of supplying energy, market ancillary services and wholesale demand response
    - Rules provide guidance on allowable direct costs

## LESS

- Provisional market suspension compensation payment
- “RE” – trading amounts payable during the market suspension pricing scheduled period
- Any other compensation you are entitled to receive during the period

# Requirements for claims

- All claims for additional compensation must be substantiated and signed by an authorised officer of the participant.
- Following items are required
  - Loss of revenue calculations
  - Additional net direct costs
    - Requires copies of invoices to support net direct costs
  - Trading amounts
    - Locations of RRP, TLFs and AGE are detailed in ‘Additional compensation claims for June 2022 NEM suspended period – Data sources’
- AEMO market notices and unit constraints provide information on quantum and length of directions

# Claim timing

- We have arranged for two options
  1. Claim each week separately.  
Week 25 claims are due 3 August and week 26 due on 10 August.
  2. Claim weeks 25 & 26 together.  
These are due on 10 August.
- Detailed breakdown of timings from now are in the intervention settlement timetable.
  - Final settlement is due either in early November or mid January, depending on whether AEMO needs to use an independent expert.



For more information visit

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