



A series of conditions affecting in the National Electricity Market (NEM) between 12 and 23 June 2022 triggered administered pricing, spot market suspension and around 500 separate market interventions under the National Electricity Rules. The nature and scale of these events was unprecedented in the NEM. They have associated compensation and contract payments that, under the rules, must be recovered from Market Customers (mainly electricity retailers).

*This is the sixth in a series of updates from AEMO with the latest available information and estimates of cost recovery amounts and dates. This update includes the administered pricing compensation amounts determined by the AEMC up to June 2023, as well as further information on the cost recovery for directions to pumped hydro, which also involved Market Generators and Small Generation Aggregators. AEMO's previous updates, along with FAQs, fact sheets and other material on the market suspension and compensation are available on the [June 2022 market events](#) page.*

Cost recovery through NEM settlements occurs in relation to weekly market billing periods. The June 2022 events spanned weeks 25 and 26. Four categories of compensation and contract payments have to be recovered for those two weeks, with RERT, directions, and suspension pricing compensations being finalised in January 2023. The compensation categories are listed below, with the scheduled NEM settlement statement dates and approximate amounts where known. These costs are allocated to NEM regions in accordance with the rules, and then recovered primarily from Market Customers in proportion to energy purchased in each relevant region.

## Compensation amounts and timing

### 1. RERT payments (for activated demand response under Reliability and Emergency Reserve Trader contracts)

July 2022		November 2022
Final statements - RERT payments (NEM total \$80m)		Revision statements – RERT payment adjustments of \$2.3m
Week 25: 13 July	Week 26: No RERT	Week 25 R1: 1 November
<ul style="list-style-type: none"> <li>Qld - \$3.7m</li> <li>NSW - \$76.2m</li> </ul>		<ul style="list-style-type: none"> <li>Qld - \$0.1m</li> <li>NSW - \$2.2m</li> </ul>

### 2. Directions compensation (directed participants for energy, ancillary services or other compensable services)

July 2022		January 2023	
Final statements – Provisional amounts <sup>1</sup> (NEM total \$2.1m)		Revision statements:	
		<ul style="list-style-type: none"> <li>Additional compensation (NEM total \$6.6m)</li> <li>Fair payment for other services (NEM total \$9.6m)<sup>2</sup></li> </ul>	
Week 25: 13 July	Week 26: 20 July	Week 25 R2: 12 January	Week 26 R2: 19 January
<ul style="list-style-type: none"> <li>Qld - \$930k</li> <li>NSW - \$550k</li> <li>Vic - \$360k</li> <li>SA - \$100k</li> <li>Tas - \$0</li> </ul>	<ul style="list-style-type: none"> <li>Qld - \$40k</li> <li>NSW - \$70k</li> <li>Vic - \$40k</li> <li>SA - \$10k</li> <li>Tas - \$0</li> </ul>	<ul style="list-style-type: none"> <li>Qld - \$6.9m</li> <li>NSW - \$2.7m</li> <li>Vic - \$1.8m</li> <li>SA - \$0.5m</li> <li>Tas - \$0</li> </ul>	<ul style="list-style-type: none"> <li>Qld - \$1.2m</li> <li>NSW - \$1.7m</li> <li>Vic - \$1.1m</li> <li>SA - \$0.3m</li> <li>Tas - \$0</li> </ul>

<sup>1</sup> For directions, provisional compensation is paid instead of the spot price trading amount. Only the net amount is shown.

<sup>2</sup> Refer to information provided in Appendix 1.

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## 3. Suspension pricing compensation (for eligible costs not covered by spot prices when set/affected by market suspension pricing schedule prices)

July 2022		January 2023	
<b>Final statements – Provisional amounts (NEM total \$7.2m)</b>		<b>Revision statements – Additional compensation (NEM total \$87.6m)</b>	
Week 25: 13 July <ul style="list-style-type: none"> <li>Qld - \$1.1m</li> <li>NSW - \$1.6m</li> <li>Vic - \$1.1m</li> <li>SA - \$280k</li> <li>Tas - \$0</li> </ul>	Week 26: 20 July <ul style="list-style-type: none"> <li>Qld - \$860k</li> <li>NSW - \$1.3m</li> <li>Vic - \$830k</li> <li>SA - \$220k</li> <li>Tas - \$0</li> </ul>	Week 25 R2: 12 January <ul style="list-style-type: none"> <li>Qld - \$14.9m</li> <li>NSW - \$22.1m</li> <li>Vic - \$14.4m</li> <li>SA - \$3.9m</li> <li>Tas - \$0</li> </ul>	Week 26 R2: 19 January <ul style="list-style-type: none"> <li>Qld - \$8.7m</li> <li>NSW - \$12.9m</li> <li>Vic - \$8.4m</li> <li>SA - \$2.3m</li> <li>Tas - \$0</li> </ul>

## 4. Administered pricing compensation (for eligible costs when spot market prices were set/affected by the administered price cap)

January 2023 onwards
<p>Claims assessed and progressively determined by the Australian Energy Market Commission (AEMC), with the aim for direct cost claims to be determined first. The first AEMC determinations were finalised in December 2022 and included in final statements from 9 January 2023.</p> <p>The total administered pricing compensation payable is not yet known. As of June 2023, the amounts determined and recoverable from each region are (NEM total \$18.1m):</p> <ul style="list-style-type: none"> <li>Qld - \$6.8m</li> <li>NSW - \$11.3m</li> <li>Vic - \$0</li> <li>SA - \$42k</li> <li>Tas - \$0</li> </ul> <p>Further compensation amounts will be published on the AEMC website as each claim is determined, with payment and recovery amounts included in the next practicable final statements.</p>

No claims were received for '[affected participant](#)' compensation for changes in dispatch due to interventions.

### Regional summary

NEM region	Total compensation amount (up to June 2023) <sup>3</sup>	Equivalent recovery rate (\$/MWh) <sup>4</sup>
Qld	\$45 million	\$27
NSW	\$133 million	\$54
Vic	\$28 million	\$19
SA	\$7.5 million	\$17
Tas	\$0	\$0

<sup>3</sup> Compensation amount does not include Independent Expert costs, which are estimated to be approx. \$260k

<sup>4</sup> Equivalent recovery rate is indicative only and actual recovery is specific to each compensation mechanism and period involved. Recovery rate is based on regional energy over the period of the event, 12 to 23 June 2022.



## Appendix 1: Directions to pumped hydro

### 1. Other compensable services

During the June 2022 NEM events, in addition to directions to generate energy, AEMO also issued directions to consume energy by pumped hydro storage systems at specified times. AEMO determined that the directions for pumped hydro storage were to provide ‘other compensable services’ under National Electricity Rules (NER) clause 3.15.7A (being a service that is neither the provision of energy or market ancillary services, nor a direct substitute for them). Directed participants for other compensable services are entitled to claim fair payment compensation under clause 3.15.7A of the NER.

AEMO’s report into the events of June 2022<sup>5</sup> notes that the directions were issued to manage actual and forecast Lack of Reserve (LOR) conditions that occurred or were forecast to occur over the period from 10 June to 24 June 2022. The directions for all plant were based on minimising impacts on energy limited plant, having regard to issues like current and anticipated fuel supply and storage levels, back-up fuel sources, and the ability to schedule pumping or charging at periods of lower reserve impact.

### 2. Compensation recovery

Unlike compensation for energy, recovery of fair payment compensation for other compensable services is shared between Market Customers, Market Generators and Small Generation Aggregators, in accordance with NER 3.15.8(g).

In December 2022, AEMO published the independent expert’s final determination of the \$9.6 million compensation awarded after assessment of claims arising from the 14 directions issued to hydro pumps<sup>6</sup>. The dates and times of each direction can be found in Table 1 of the determination, while Table 2 sets out the compensation claims that were accepted by the independent expert.

## Where can I find more information?

See AEMO’s website for:

- [June 2022 market events](#) - presentations, FAQs and reports
- [Guide to Market Suspension in the NEM](#)
- [RERT reports](#)
- [Intervention settlement timetable](#)

See the AEMC’s website [www.aemc.gov.au](http://www.aemc.gov.au) for the National Electricity Rules and more information on administered price compensation.

If you cannot find what you need on our website, please contact AEMO’s Information and Support Hub:

- [supporthub@aemo.com.au](mailto:supporthub@aemo.com.au) or
- call 1300 236 600

Please note AEMO is not able to provide specific advice on your particular circumstances.

<sup>5</sup> AEMO, NEM market suspension and operational challenges in June 2022, August 2022, at section 5.3. Available at: [https://aemo.com.au/-/media/files/electricity/nem/market\\_notices\\_and\\_events/market\\_event\\_reports/2022/nem-market-suspension-and-operational-challenges-in-june-2022.pdf?la=en](https://aemo.com.au/-/media/files/electricity/nem/market_notices_and_events/market_event_reports/2022/nem-market-suspension-and-operational-challenges-in-june-2022.pdf?la=en)

<sup>6</sup> Synergies Economic Consulting, Additional compensation claims arising from AEMO directions to hydro pumps between 14 and 23 June 2022 and 5 July 2022, Final Determination 22 December 2022. Available at: <https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/nem-events-and-reports/market-event-reports/directions-to-hydro-pumps-between-14-and-23-june-and-5-july-2022>