



Purpose

The Commission is required under s. 108A of the National Electricity Law (NEL) to publicly report on rules not made within 12 months of the publication of the notification of the commencement of the rule change process.

Background

On 19 September 2019, AEMO submitted two rule change requests which relate to compensation for participants affected by (or dispatched differently as a result of) market reliability interventions – specifically the activation of the RERT or issuing of directions – which trigger intervention pricing.

The first request concerned the compensation payable to scheduled generators if they are dispatched differently due to intervention events, specifically addressing the exclusion of losses related to frequency control ancillary services (FCAS) from the current compensation framework. The second concerned the formula for compensation payable to scheduled loads, which could result in these participants being under-compensated after intervention events.

The s. 95 notice was published for both rule changes on 11 June 2020, together with a consultation paper which formally consolidated the two rule changes and commenced the rule change process. A draft determination and draft rule were then published on 24 September 2020.

Reason for the final rule determination not being made within 12 months

On 3 December 2020, the AEMC extended the time for making a final rule determination until 5 August 2021 under s. 107 of the NEL. The extension was required for the following reasons:

- The draft rule, published on 24 September 2020, was a more preferable draft rule that, among other items, adopted a target based approach to calculating compensation for both affected participants and market customers with scheduled loads. Stakeholders generally supported the draft rule. AEMO, however, raised an important issue within its submission to the draft determination, particularly with relation to large-scale batteries in their capacity as a scheduled load. This warranted a re-assessment of the target based approach in the draft rule and additional stakeholder consultation.
- As AEMO's submission related particularly to batteries, the timing for the extension of the rule change request was designed to allow the approach to compensation to be coordinated with decisions made under the *Integrating energy storage systems into the NEM* rule change request.¹ That rule change request proposes creating a new market participant category for bi-directional resource providers. The bi-directional nature of units becomes relevant when considering which compensation framework (affected participant or market customer with scheduled load) to apply to units which can operate as both a generator and a load in a given trading interval.

As such, the final rule determination has not been made within 12 months of the publication of the notice under s. 95 of the NEL.

Expected time for making a final rule determination

On 27 April 2021, the Commission extended the period of time for making the draft determination for the *Integrating energy storage systems into the NEM* rule change request to 29 July 2021 under s. 107 of the NEL. As such, on 3 June 2021, the time to make the final rule determination for the *Compensation for market participants affected by intervention events* rule change was further extended under s. 107 until **4 November 2021**. This was to continue to align the approach to the two rule change requests.

¹ See: <https://www.aemc.gov.au/rule-changes/integrating-energy-storage-systems-nem>.