



Gas Compensation and Dispute Resolution Information Sheet

We have published a consultation paper and seek your feedback

On 22 June 2023 the AEMC published a consultation paper in response to a rule change request from the Energy Ministers' Sub Group (Energy Ministers). The rule change request identifies a number of issues with the existing compensation framework for AEMO directions to support security and reliability in the east coast gas system (ECGS).

There have been a number of changes to the ECGS to address security and reliability

Over the last year, there have been a number of changes to the ECGS to address security and reliability threats and better manage volatility in the system. This includes Energy Ministers providing AEMO with obligations to monitor the market, as well as powers to intervene should this be required.

Experiences in the Declared Wholesale Gas Market (DWGM) and National Electricity Market (NEM) compensation and dispute resolution frameworks have indicated opportunities to improve the compensation framework for AEMO directions in the ECGS. This includes the need for greater clarity on who is responsible for different compensation and dispute resolution processes, as well as refinements to allow for a simplified and more efficient process, where appropriate. With the ECGS compensation framework now applying to a wider range of entities and interactions, it is important the process used to determine any claim is proportionate to the size of the claim and the complexity of the issues.

The current compensation framework for the ECGS in the NGR adopts the framework established for the DWGM to provide an aligned overarching framework for all entities. However, the ECGS covers entities outside the facilitated markets so allows for a wider range of scenarios for potential claims following AEMO intervention.

The request identifies a number of issues with the existing compensation and dispute resolution frameworks

Energy Ministers have identified a number of issues with the existing framework for compensation following intervention by AEMO in terms of clarity, consistency, and efficiency and effectiveness.

More specifically, Energy Ministers have asked the AEMC to consider the following improvements:

- **Refine the compensation and dispute resolution frameworks:** to provide clear and consistent arrangements so that the gas sector operates efficiently and effectively in the long-term interest of consumers;
- **Make any necessary changes to the Part 15C dispute resolution framework** so it can be more effectively applied to any assessment of compensation claims across various parts of the NGR where compensation claims may arise;
- **Consider any bespoke amendments to the ECGS framework compensation arrangements** so it is fit for purpose; and
- **Consider whether and to what extent consequential changes to other parts of the east coast gas market** may be required.

Proposed solution to improve the compensation and dispute resolution frameworks

Energy Ministers have proposed changes to the frameworks to ensure they are clear, efficient and effective, and consistent. The proposed changes cover the following areas:

- Governance and procedural arrangements,
- The scope of the framework, and
- Funding arrangements.

Consequential changes to the DWGM and broader dispute resolution framework may also be required to support these improvements.

Next Steps

There are multiple options to provide your feedback throughout the rule change process. Written submissions responding to this consultation paper must be lodged with Commission by **20 July 2023** via the Commission's website, www.aemc.gov.au.

There are other opportunities for you to engage with us, such as one-on-one discussions or industry briefing sessions. We will also be holding a public forum on **6 July 2023**. Details of which will be available on the project page.

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