



Compensation and dispute resolution frameworks

The Commission has made a more preferable draft rule in response to a rule change request submitted by Energy Ministers

Our draft rule would create a new framework for the assessment of compensation claims by separating the current dispute resolution arrangements from the arrangements for determining compensation claims. This would create a 'fit for purpose' compensation framework that better supports the new East Coast Gas System (ECGS) framework under Part 27 of the National Gas Rules (NGR).

The Commission recommends that the proposed compensation framework (as well as consequential changes to the Declared Wholesale Gas Market (DWGM) and Short-Term Trading Market (STTM)) would come into effect on 27 June 2024.

We are seeking feedback on our draft determination and rule by **25 January 2024**.

Our draft rule would support reliability and supply adequacy in the ECGS

Energy Ministers identified a number of issues with the existing framework in terms of clarity, consistency, efficiency and effectiveness. The draft rule would address these issues by making amendments to Parts 15C, 19, 20 and 27 of the NGR to:

- establish a new framework for the assessment of compensation claims
- refine the framework for compensation for AEMO directions in the ECGS to support reliability and supply adequacy
- make consequential changes to rules governing the DWGM and STTM to ensure the application of the proposed compensation framework to relevant claims.

We do not recommend any substantial changes to the dispute resolution provisions.

Our draft rule is in the long term interest of consumers

The more preferable draft rule would contribute to the achievement of the NGO:

- **Safety, security and reliability:** The draft rule would refine the compensation framework for AEMO directions and retain the incentives for behaviour that supports system reliability and supply adequacy.
- **Principles of market efficiency:** The Commission's draft decision allows for efficient allocation of costs, while providing sufficient transparency and incentives to encourage efficient and effective actions from relevant entities.
- **Implementation considerations:** The draft decision allows for improvements to the compensation framework to support market-wide success by reducing complexity and uncertainty.
- **Principles of good regulatory practice:** The draft rule aligns the proposed new NGR compensation framework with the NER expert determination process for compensation for AEMO directions, with some modifications, promoting predictability and efficiency.

We are holding a public forum on the draft determination

We will hold a public forum on **11 December 2023**.

Interested stakeholders can register for the forum via the AEMC website.

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