

Guidelines for compensation for a scheduling error

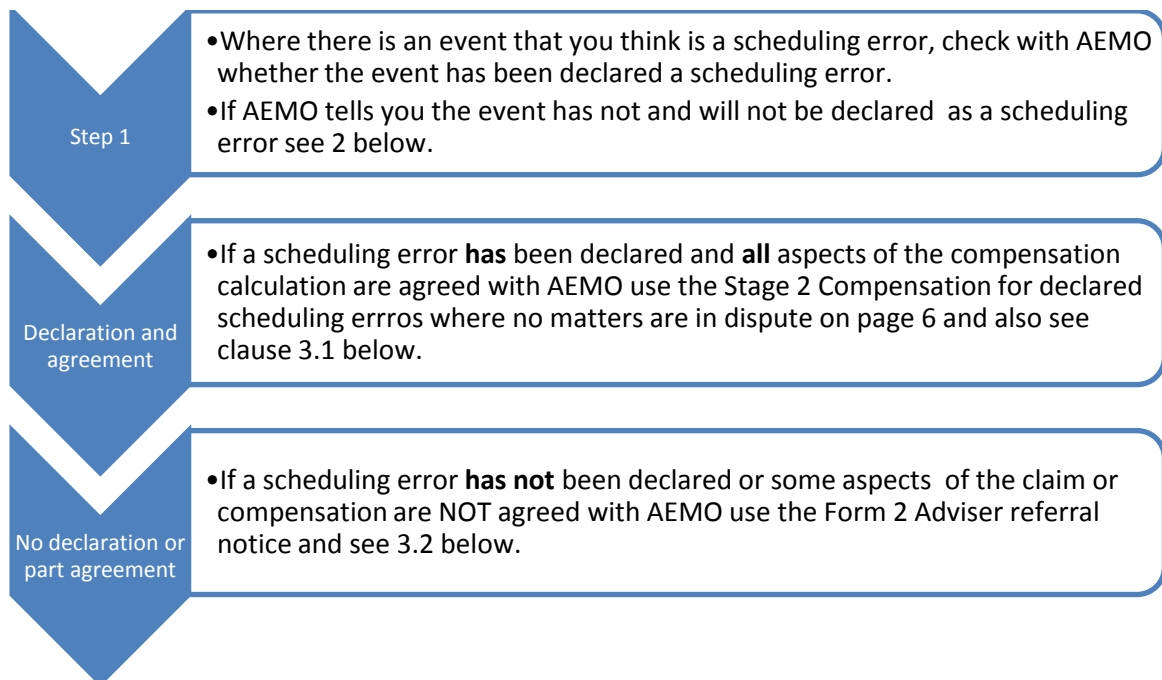
The purpose of this document is to provide guidance for an application for compensation from the Participant Compensation Fund where there has been a scheduling error (as that is defined in the National Electricity Rules).

Stage 2 Compensation for declared scheduling errors where no matters are in dispute

Use this form when a scheduling error has been declared by AEMO and no aspect of compensation or calculations are in dispute

1 Guidelines for compensation for a scheduling error

1.1 Overview



This document is prepared as a guide. The Adviser takes no responsibility for the completeness, or accuracy of the document. Please ensure that the provisions are checked by a legal adviser.

1.2 Background

Clause 3.8.24 of the National Electricity Rules ('NER') defines when a scheduling error occurs.

(a) A scheduling error is any one of the following circumstances:

- (1) the dispute resolution panel determines under rule 8.2 that AEMO has failed to follow the central dispatch process set out in this rule 3.8; or*
- (2) AEMO declares that it failed to follow the central dispatch process set out in this rule 3.8; or*
- (3) AEMO determines under clause 3.9.2B(d) that a dispatch interval contained a manifestly incorrect input.*

(b) Spot prices and market ancillary service prices will not be adjusted due to the occurrence of a scheduling error except where the scheduling error arises through the application of clause 3.9.2B.

[Clause 3.8.24]

Compensation for scheduling errors is awarded from the participant compensation fund established under clause 3.16 of the NER. Clause 3.16 of the NER provides for the set up and administration of a participant compensation fund. Under the NER a dispute resolution panel ('DRP') can determine compensation and provide guidance on the amount of compensation to be awarded. Even where a scheduling error has been declared by AEMO and compensation principals agreed, only a DRP can award amounts from the participant compensation fund.

You may be reading this memo because you are a market participant and:

- You think that there has been an event and your organisation has suffered a loss because AEMO has failed to follow the central dispatch process and would like to know how to seek compensation. (Go to paragraph 2 below); or
- AEMO has declared a scheduling error and your organisation has suffered loss during the requisite period. (Go to paragraph 3 below).

2 What to do where the potential Scheduling Error has not been declared as such by AEMO.

Where there has been an event which you think falls within definition of scheduling error under the NER, check with AEMO whether a scheduling error has been declared. If a scheduling error has not been declared by AEMO, the first step is to contact AEMO and indicate that you think that a scheduling error has occurred and you think that you are affected. In doing so you will need to provide to AEMO with:

- Details of the event(s).
- The basis on which you contend that there was a failure to follow the processes set out in clause 3.8 of the NER.
- The time intervals in which the error occurred.
- The damage/loss suffered.
- Any steps taken to mitigate the loss if relevant.

Once you have brought this to AEMO's attention they may investigate the issue and then either:

- declare a scheduling error and agree with your compensation calculation (3.1 below); or
- not agree there is a scheduling error (3.2 below); or
- agree there is a scheduling error but have a different view on the calculation of compensation (3.2 below).

3 General things to think about for scheduling error.

Clause 3.16 of the NER provides for the set up and administration of a participant compensation fund.

Under the NER a DRP can determine compensation and determine the amount of compensation to be awarded by the DRP from the participant compensation fund in accordance with the NER.

If the scheduling error impacts a number of participants the Adviser will discuss with AEMO and all the participants the most efficient way of processing multiple claims.

3.1 Compensation where the scheduling error has been declared by AEMO and all aspects of compensation calculation are agreed

Where an error is declared and all aspects of compensation are agreed, the role of the DRP is to review the matters and make a determination on the level of compensation to be awarded from the participant compensation fund taking into account the matters set out in the NER. Generally there will be only one DRP member in these circumstances.

Where there is an agreement on the parameters of the scheduling error the Adviser will meet with the parties to:

- check all of the parameters,
- consult/get consent for a DRP of less than 3 members, and
- choose appropriate DRP member(s).

To commence the process:

- Fill in the form at the end of this document ([Stage 2 Compensation for declared scheduling errors where no matters are in dispute](#)).
- Review the pool of members on the website so you are in a position to liaise with the Adviser to select a DRP.
- Prepare with AEMO a joint statement of matters for the DRP (see the document prepared for other similar matters on the AER website).
- Ensure that in the joint submissions contains:
 - Information on AEMO's internal process, (such as a quality assurance processes, internal procedures, etc) to ensure the calculations are correct.
 - Details of the calculation of avoided fuel cost – it is appropriate to provide assurance to the DRP that the amount is not understated. (Has the amount been determined based on actual costs or some other basis? If actual costs, has AEMO undertaken any checks to determine the amount is reasonable, if so what are they?)
- Review the DRP agreement for Electricity on the AER website.

Once a DRP is constituted the Adviser will notify the market.

3.2 **DRP for Compensation with some or all aspects not agreed**

Where there is not agreement between AEMO and an affected participant that there is a scheduling error, or, having declared an error, there is not agreement on other aspects of the error (such as the time of commencement, the intervals or the effect of the constraint) the role of the DRP is to make a determination on all of the issues in dispute.

The DRP will usually be constituted by more than one member where there is a dispute on issues.

There will be a meeting with the Adviser to:

- Set a timetable for the exchange of issues and information that will provide a clear identification of the issues in dispute.
- Liaise with the Adviser about the type of DRP and the skills of the members.
- Agree a timetable for the exchange of information to assist in estimating the likely time and cost involved in a DRP hearing.
- Agree logistics for any hearing with the DRP.

To commence the process where not all the issues are agreed you will need to:

- complete the form standard Form 2 Adviser referral notice.
- Discuss the type of DRP and the skills of the members as well as logistics.
- Review the DRP agreement for electricity on the website.
- Discuss joinder of any additional participants who may wish to participate in the dispute.
- Review a draft notification to the market.

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Send To:

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E| shirli@resolveadvisors.com.au

Stage 2 Compensation for a declared scheduling error where no matters are in dispute

1 Participant(s) details

Name of Participant(s) (add pages if needed):
ABN:
Address:
Contact:
Title:
Phone:
Email:

2 AEMO details

AEMO:
ABN:
Address:
Contact:
Title:
Phone:
Email:

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3 Other participants who may be affected:

4 State in which the dispute is to be heard:

5 Amount of compensation sought: (details to follow in submission)

6 Copy of Scheduling Error Report attached:

Yes / No (*Delete as appropriate*)

(If "No", more information will be needed; contact the Adviser for information.)

7 Document control details

Please direct comments and questions to the Adviser, Shirli Kirschner, by email:
shirli@resolveadvisors.com.au

History of Amendments:

- Created by the Adviser August 2010
- Reviewed by: Adviser October after Synergen claim. Circulated 2 November
- Reviewed and amended October 2013