



On 17 July 2006 Snowy Hydro Limited (**SHL**) initiated a Stage 2 dispute resolution process under clause 8.2.5 of the National Electricity Rules (**Rules**) by serving an Adviser referral notice on the Dispute Resolution Adviser (the **Adviser Referral Notice**.) The other party to the dispute is NEMMCO.

The dispute concerns the events of 31 October 2005, which are the subject of NEMMCO's report dated 5 April 2006 entitled "*Simultaneous Outage of 76 and 77 Lines – 31 October 2005*". SHL asserts that NEMMCO has committed a scheduling error or errors and/or otherwise has breached the Rules by reason of its conduct, acts or omissions in relation to certain of those events. (the **Events**). The notice contains a claim for compensation from the Participant Compensation Fund and a claim for monetary amount from NEMMCO for purported loss and damage.

NEMMCO has disputed the validity of the Adviser Referral Notice on a number of grounds.

On Monday 7 August I referred this matter to a 3 member DRP comprising of Sir Anthony Mason A.C, K.B.E (as chairperson), Greg Thorpe, and GE (Tony) Fitzgerald A.C, Q.C. and Kenneth William Brown (as alternates). It is intended that Mr. Fitzgerald will sit with Sir Anthony and Mr. Thorpe to hear all preliminary and jurisdictional issues. Mr. Brown will sit with Sir Anthony and Mr. Thorpe to hear any substantive issues in relation to the Events.

The first step is for the DRP to hear a number of preliminary and jurisdictional issues. This will occur on 12 September 2006. The decision on the preliminary and jurisdictional issues is likely to determine the scope of the substantive hearing in relation to the Events. A timetable has been formulated by the parties to assist in agreeing the preliminary and jurisdictional issues and providing the DRP with submissions in regard to the issues. In broad terms the preliminary and jurisdictional issues include:

- Whether the dispute is one to which clause 8.2 of the Rules applies
- Whether the Adviser Referral Notice is valid
- Whether the relief sought by Snowy is limited to the Participant Compensation Fund (in a manner provided for by Clause 3.16.2 of the Rules).
- Whether relief is available from NEMMCO and if it is whether NEMMCO is immune from liability as provided for by section 119 of the National Electricity Law.

Any Registered participant that has an interest in the dispute may become a party to the dispute under the terms of Clause 8.2.6C(c) or (d). If you would like more information on the Dispute please contact me on 0411 380 380 or by email, shirli@resolveadvisors.com.au.

Shirli Kirschner – NEM Dispute Resolution Adviser.