

FROM: Wholesale Energy Market Dispute Resolution Adviser (the Adviser)

DATE: 13 October 2016

RE: **First Quarter report (July-September 2016)**

Summary

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1 Disputes

1.1 Notified: 0 NGR, 1 informal (scheduling error) **2** NER scheduling errors formally notified (see 1.1.1 and 1.1.2) + FCAS stage two (see 1.2):

1.1.1 (Update from last report) This Scheduling error involving the dispatch of wind generators. AEMO has confirmed a scheduling error. The compensation discussion and application to the DRP is likely to commence later this year as work is still to be done on the quantum. As previously advised a determination is likely to be required from a DRP as to whether FCAS losses can be compensated from the participant compensation fund.

The scheduling error report is published by AEMO at the following link: <http://www.aemo.com.au/Electricity/Resources/Reports-and-Documents/Market-Event-Reports/Scheduling-Error-Report-Incorrect-Unconstrained-Intermittent-Generation-Forecasts-UIGF-2012-to-2016>

1.1.2 On 31 October 2015, AEMO declared under clause 3.8.24(a)(2) of the *Rules* that a *scheduling error* had occurred that affected the Generating Systems from the *dispatch interval* ending 11:10 hr on 2 May 2014 to the *dispatch interval* ending 17:40 hr on 6 June 2014. The scheduling error report is published by AEMO at the following link:

https://www.aemo.com.au/media/Files/Other/reports/market_events/Scheduling%20error%20%20Incorrect%20Tasmanian%20Southern%20Area%20load%20calculation_final.pdf

The application for compensation will go to a DRP comprising of Geoff Swier in October.

It is the practice of WEMDRA to issue a market alert to the DMS contacts on referral.

1.2 Stage 2: In the previous quarter the market was notified about a dispute involving FCAS between AEMO and Origin (relating to scheduling intervals in October/November 2015 South Australia).

The matter was not resolved in stage 1 and was referred to WEMDRA in Stage 2. Documents from stage 1 and the adviser process in stage 2 are posted on.

<http://www.resolveadvisors.com.au/origin-aemo-fcas-dispute-2016>

The DRP hearing took place in Melbourne from **25-27 July** inclusive. In addition to the link to the resolve website transcripts as well as the detailed submissions are available by contacting me for a link to the drop box.

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2 General work: July - September

2.1 Challenges

It has been a really busy period given the number of issues to handle, and the number of participants involved. This has also been a challenging time for the market in South Australia and stretched the resources of many in the industry.

I have continued to try and streamline communications through the DMS and DMC contact lists. Multi-party disputes have proved useful in ensuring that participants update these contacts.

There are currently no time-frames for bringing applications for compensation for a scheduling error. WEMDRA has 2 applications for processing, 1 formally notified, 1 foreshadowed and a third potential claim for compensation which hasn't been pursued. This has highlighted the difficulty of a DRP in determining a matter before it making proper provision for future applications to the fund. This needs some consideration and refinement to the process. I will consider the issue and consult as a project.

The disputes involving multiple parties raise a challenge in managing documents and even signing a DRP agreement. It is less than elegant having 10+ counterparts and numerous document versions and I am again working on streamlining how to manage this.

2.2 Pool

Interviews for existing pool members were finalised in the April-June quarter. I have been reviewing further applicants and continuing to grow the depth and breadth in the pool.

In July I advised that Geoff Swier, Greg Thorpe, the Hon Michael Black, Peter Gray QC and Linda McMillan have all been offered a reappointment and accepted.



I have now offered an appointment to Ruth Higgins of counsel. Ruth appeared for a party in the recent FCAS dispute and has a depth of experience in energy.

(see her cv on <http://www.banco.net.au/barristers/ruth-c-a-higgins>) I am delighted that Ruth has accepted adding to our really strong pool.

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I look forward to the next quarter and a chance to consolidate the lessons from this quarter.

Kind Regards

A handwritten signature in blue ink that reads "Shirli Kirschner".

Shirli Kirschner

Wholesale Energy Market Dispute Resolution Adviser.