IN THE DISPUTE RESOLUTION PANEL AT MELBOURNE
(Constituted for determinations as to compensation under rule 238 of the National Gas Rules)

Origin Energy (Vic) Pty Ltd
(ABN 11 086 013 283) (Claimant)

and

Australian Energy Market Operator(ABN 94 072 010 327) (AEMO)

DETERMINATION AND REASONS FOR DETERMINATION

DISPUTE RESOLUTION PANEL: Peter R D Gray KC* and Gregory H Thorpe

ADVISER (WEMDRA): Shirli Kirschner Resolve Advisors

DATE OF DETERMINATION: 28 November 2022

DETERMINATION

The Dispute Resolution Panel determines that:

1. Pursuant to rule 237(9) of the National Gas Rules, the costs of the Adviser (**WEMDRA**) and the Dispute Resolution Panel of **$51,511.90 (including GST)** on the claims under rule 350 made by Origin Energy (Vic) Pty Ltd (**Claimant**) are re-allocated to the Claimant on the ground that there is a good reason to alter the allocation of those costs.

2. Pursuant to rule 238(1)(a), by 31 March 2023 AEMO is to pay the Claimant **$1,316,589.53** in compensation in respect of its claims under rule 350, comprising:

    a. **$1,265.077.63** (including GST) in compensation for the net costs of the Claimant's injections of gas into the Declared Transmission System scheduled in scheduling intervals in which the administered price cap applied; and

    b. **$51,511.90** (including GST) being for the costs of WEMDRA and the Dispute Resolution Panel re-allocated to the Claimant under paragraph 1 of this determination.

3. Pursuant to rule 238(1)(b), Market Participants in the Declared Wholesale Gas Market in Victoria are to fund the **$1,316,589.53** (including GST) determined under paragraph 2 of this determination in accordance with the following allocation approach:

    a. In respect of each of gas day 1, 3, 5, 6, 8, 17, 19, 22 and 29 June 2022 and 1, 2, 3, 4, 6, 8 and 12 July 2022, identify:

        i. each operating schedule in which AEMO scheduled an injection bid by the Claimant for any price step above $40/GJ into the LNG connection point of the Declared Transmission System at Dandenong;

        ii. each Market Participant that had a positive scheduled imbalance for each such operating schedule;

        iii. the amount of each such positive scheduled imbalance; and

    b. calculate:

        i. the sum of the amounts referred to in paragraph 3(a)(iii) of this determination in respect of each Market Participant ("**A**"); and

        ii. the total of all of the sums referred to in paragraph 3(b)(i) of this determination ("**B**");

    c. allocate to each Market Participant the proportion of B represented by the ratio A:B.

4. AEMO may include the amounts allocated in accordance with paragraph 3 of this determination in the final statements of Market Participants for December 2022 or for a subsequent month.

REASONS FOR DETERMINATION

The Parties and the DWGM

1. Origin Energy (Vic) Pty Ltd (**Claimant**) is a registered Participant and Market Participant in the Declared Wholesale Gas Market (**DWGM**) and Declared Transmission System (**DTS**) in Victoria. The DWGM and DTS are operated by AEMO using functions conferred on it by the National Gas (Victoria) Law (**NGL**)[1] and to Part 19 the National Gas Rules (**NGR**).[2]

2. AEMO schedules the injection and withdrawal of gas on the DTS for each gas day commencing at 6am, based on injection and withdrawal bids submitted by Market Participants across five defined scheduling intervals. The scheduling intervals are 6am to 10am, 10am to 2pm, 2pm to 6pm, 6pm to 10pm and 10pm to 6am.[3]

[1] The Schedule to the *National Gas (South Australia) Act 2008* (SA) that applies in Victoria pursuant to s 7 of the *National Gas (Victoria) Act 2008* (Vic).
[2] References are to version 63 of the NGR. Expressions defined in the NGR have the same meaning in these reasons.
[3] AEMO and Claimant's Joint Submission to the Dispute Resolution Panel dated 28 September 2022 (**Joint Submission**) at [18].

3. For each scheduling interval, a Market Participant may have a scheduled imbalance (the difference between the amounts it is scheduled to inject and withdraw) and a deviation (the difference between its scheduled imbalance and the actual imbalance determined after allocation of the actual metered injection and withdrawal quantities).[4] Where the scheduled volume to be withdrawn exceeds the scheduled volume to be injected, that is regarded as a positive imbalance.[5]

4. The DWGM determines a market price which is applied to trade scheduled imbalances and deviations for each scheduling interval. The daily imbalance payments, deviation payments and other market payments and charges are settled on a monthly billing cycle.[6]

Administered price period

5. NGR rule 224(1A) provides that AEMO must determine an administered price cap and a cumulative price threshold to be used as a factor in determining the start and end of an administered price period. Rule 224(1) provides that AEMO must make administered pricing procedures that specify those matters and the process that AEMO must apply to declare and end administered price periods. In May 2022 the cumulative price threshold, administered price cap and criteria for declaring the start and end of an administered price period, were all specified in the Wholesale Market Administered Pricing Procedures (Victoria) v4.0 issued 1 July 2020.

6. On 30 May 2022, as a result of cumulative market prices in the prior 7 days exceeding the cumulative price threshold, AEMO declared an administered price period, during which the administered price cap of $40/GJ applied in accordance with NGR rule 224(2).[7] Rule 224(2) provides relevantly:

> During an administered price period, market prices must not exceed the administered price cap ...

7. The administered price period continued until 6am on 1 August 2022.[8]

8. In various scheduling intervals and operating schedules on gas days 1, 3, 5, 6, 8, 17, 19, 22 and 29 June 2022 and 1, 2, 3, 4, 6, 8 and 12 July 2022, AEMO gave scheduling instructions to the Claimant in response to injection bids by the Claimant that included quantities of gas at price steps above $40/GJ, resulting in injections of gas into the LNG connection point of the DTS at Dandenong.[9] To make the injections, the Claimant drew on quantities of liquified natural gas (**LNG**) stored at Dandenong to which the Claimant had rights under contractual arrangements with APA Facilities Management Pty Ltd (**APA**).

Compensation claims

9. NGR rule 350 provides relevantly that:

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[4] Joint Submission at [19].
[5] Additional AEMO Submission dated 17 October 2022 at [6].
[6] See Joint Submission at [20].
[7] Joint Submission at [6].
[8] Joint Submission at [6].
[9] See Joint Submission at [7] and [24].

> Registered participants may claim compensation from AEMO in accordance with rule 237 in respect of gas injected into the declared transmission system if, because of the application of an administered price cap:
>
> (a) the resultant market price payable to that Registered participant is less than the price specified in its injection bid …

10. Rule 237 in turn contains a number of relevant provisions. One of these is sub-rule 237(1), which provides relevantly that a Registered participant who wishes to make a claim under rule "349" (administered price cap) must submit notice of its claim to AEMO within 10 business days following the issue of the final statement for that gas day in which the Registered participant made the injection of gas referred to in the claim. The reference to rule 349 must be erroneous: reading the NGR as a whole, including rule 350, it is clear that this must be intended to be a reference to rule 350.

11. By letter dated 8 August 2022, the Claimant notified AEMO that it made claims for compensation under NGR rule 237 in respect of its Dandenong LNG injections for the DWGM administered price period in June 2022, giving details of the days, trading intervals and quantities concerned,[10] and attaching a spreadsheet of workings[11] and supporting invoices from APA.[12]

12. Sub-rule 237(2) provides that a compensation claim by a Registered participant is taken to be a relevant dispute for the purposes of Part 15C to which the parties are AEMO and the relevant Registered participant, but the dispute resolution processes apply only to the extent specified in rules 237 and 238.

13. On 24 August 2022 we were established by the Adviser (**WEMDRA**) pursuant to NGR Part 15C rule 135HD as the dispute resolution panel to determine the Claimant's notified claim for compensation under rule 237 arising from relevant injections of natural gas it made into the DTS in June 2022.

14. The parties indicated to the WEMDRA that the Claimant would shortly be making a further claim for compensation arising from relevant injections of natural gas it made into the DTS in July 2022 and that they would consent for the claims to be heard and determined together.

15. By letter dated 6 September 2022 the Claimant notified AEMO that it made claims for compensation under NGR rule 237 in respect of its Dandenong LNG injections for the DWGM administered price period in July 2022 in similar form to the materials relating to the June 2022 claims, again giving details of the days, trading intervals and quantities concerned,[13] and attaching a spreadsheet of workings[14] and supporting invoices from APA.[15]

16. On 13 September 2022, the Claimant's claim for compensation under rule 237 arising from relevant injections of natural gas it made into the DTS in July 2022 was referred to us.

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[10] Exhibit 3
[11] Confidential exhibit 4, later superseded by confidential exhibit 32.
[12] Confidential exhibits 5-17.
[13] Exhibit 20
[14] Confidential exhibit 21, later superseded by confidential exhibit 33.
[15] Confidential exhibits 22-24.

17. On 20 September 2022, following a request from us, pursuant to NGR rule 237(8)(b) WEMDRA granted an extension of time for determination of the claims for compensation to 17 November 2022.

18. We received a Joint Submission from the parties on 28 September 2022[16] and held a virtual hearing between the parties, non-confidential aspects of which were observed by a representative of the Australian Energy Market Commission. Amongst other things, we were told that AEMO had verified the injections the subject of the claims and that AEMO and the Claimant had agreed to certain minor adjustments of the quantities of the relevant injections.[17]

19. During the hearing, AEMO made an additional submission as to the allocation of the costs of WEMDRA and the Dispute Resolution Panel under rule 237(9) that had not been included in the Joint Submission. By email dated 14 October 2022, the Claimant conditionally consented to the approach proposed in AEMO's additional submission.[18]

20. At the hearing we had invited the submission of certain further materials by 17 October 2022. On 17 October 2022, AEMO produced further materials and submissions,[19] and the Claimant provided two revised spreadsheets of claims.[20]

21. Following consideration of the Claimant's revised spreadsheets, we required further information from the Claimant before determining the Claimant's claims for compensation. On 24 October 2022 we therefore made procedural direction no 1 pursuant to powers conferred by rule 135HG(1) and (2) requiring the Claimant to provide certain additional information. In response, the Claimant provided a confidential submission setting out information dated 1 November 2022.[21]

22. The Claimant placed detailed information and material before us in support of its compensation claims, including its confidential agreement with APA[22] and invoices from APA. We do not consider it necessary to require an officer of the Claimant to formally verify by affidavit or statutory declaration those materials and information and the facts contained in the submissions and materials provided to us. We accept the accuracy of the information we were given by the Claimant. In any event, where a person is seeking a financial outcome there are criminal law consequences that can arise from their provision of information for that purpose, providing a strong incentive to ensure accuracy.

23. We are satisfied that the claims for compensation fall within the scope of rule 350, and are deemed by NGR rule 237(2) to be a "relevant dispute" for the purposes of NGR Part 15C, which applies subject to rules 237 and 238.

Our tasks

24. NGR rules 237 and 238 give rise to three tasks that we must address.

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[16] Exhibit 26, paragraph 32 of which is partly confidential.
[17] Joint Submission at [30] and [31].
[18] Exhibit 30.
[19] Exhibits 28 and 31.
[20] Exhibits 32 and 33.
[21] Confidential exhibit 34.
[22] Confidential exhibit 27.

25. Rule 237(9) provides:

> Despite rule 135JA, the costs of the Adviser and the Dispute resolution panel on a compensation claim are to be borne by AEMO unless the Dispute resolution panel re-allocates those costs, or a proportion of those costs, to a party on the ground that the party has unreasonably prolonged the proceedings or there is some other good reason to alter the allocation of those costs.

26. The Claimant in no way unreasonably prolonged the proceedings. However, for reasons we will explain, there may be "some other good reason" to alter the allocation of the costs of WEMDRA and the Dispute resolution panel on the compensation claims.

27. NGR rule 238(1) and (2) provide:

> (1) The Dispute resolution panel must make a determination, consistent with the compensation procedures, on:
>
> (a) amounts of compensation to be paid by AEMO to a Registered participant in respect of claims made by that Registered participant under rule 344 or 350; and
>
> (b) amounts to be paid to AEMO by Market Participants and the declared transmission system service provider to fund compensation payment amounts determined under paragraph (a).
>
> (2) The total of amounts determined by the Dispute resolution panel under subrule (1)(b) must equal the total of amounts determined by it under subrule (1)(a).

28. Our three tasks are as follows:

    a. under rule 237(9), we may re-allocate the costs of WEMDRA and the Dispute resolution panel on the claims of the Claimant, but only if there is a "other good reason" for doing so; and

    b. under rule 238(1)(a), we must make a determination on amounts of compensation in respect of claims made by the Claimant under rule 350;

    c. under rule 238(1)(a), we must make a determination on amounts to be paid to AEMO by Market Participants to fund compensation payment amounts determined under paragraph (a), and the total of those amounts must equal the total of amounts determined by under subrule (1)(a);

Costs of WEMDRA and the Dispute resolution panel and rule 237(9)

29. AEMO submitted that there appears to be an inadvertent omission in the scheme created by rules 237 and 238 as regards the allocation of costs:[23]

> Under Rule 238(2), the total amount of compensation determined by the DRP to be payable by AEMO must equal the total amount to be paid to AEMO to fund the compensation payable. This rule ensures that AEMO is "kept whole" and is not ultimately required to fund compensation payments out of its own funds. Similarly, Rules 238(4) and (6) provide for the payment of interest on compensation amounts, and operate in conjunction, such that AEMO is "kept whole" with respect to any interest payments. The absence of a similar

[23] Joint Submission at [46].

provision which would enable AEMO to be "kept whole" for any costs it is required to pay under Rule 237(9), therefore appears to be an inadvertent omission from the NGR.

30. There is a threshold legal question we must address.

31. AEMO submitted that we should re-allocate costs under rule 237(9) for "good reason", namely in order to facilitate an outcome by which it could recover costs from Market Participants who we determine are required to fund the compensation amounts resulting from the claims.[24] In its additional submissions at the hearing and on 17 October 2022, AEMO submitted that if we decide to re-allocate the costs of WEMDRA and the Dispute resolution panel to the Claimant under rule 237(9), then the costs so allocated may be included as an element of the "amounts of compensation in respect of the claims" to be determined under rule 238(1)(a), and if so they would then be included in the amounts to be determined under rule 238(1)(b) that must be paid to AEMO by Market Participants to fund compensation payment amounts under rule 238(1)(a).

32. The Claimant consented to the proposal in this submission, provided the re-allocation was not on the basis that it had unreasonably prolonged the proceedings.[25] As we have already made clear, there is no suggestion that the Claimant prolonged proceedings and it has been wholly co-operative.

33. Is the course proposed in AEMO's submission permissible, as a matter of law?

34. We have ultimately decided that the proposal is permissible. The words of nexus in rule 238(1)(a), "in respect of", are very broad, and in our view can extend to efficiently incurred indirect costs in the nature of the costs of WEMDRA and the Dispute resolution panel. Those costs were necessarily incurred in the resolution of these compensation proceedings, and once they have been reallocated to the Claimant, inclusion of a corresponding amount under rule 238(1)(a) can reasonably be described as being part of the Claimant's "compensation in respect of" its claims.

35. In reaching this conclusion, we are conscious that this matter is not addressed in the compensation procedures made by AEMO under rule 237(10),[26] and that rule 238(1) requires our determination to be "consistent" with the compensation procedures. In order to apply rule 238 to the facts of this case we are therefore compelled to fall back on such guidance as we can extract from the national gas objective, and to interpret the requirement in rule 238(1) in the sense of making a determination consistent with the compensation procedures only to the extent that the content of the compensation procedures addresses the issues at hand.

36. The reallocation of costs under 237(9) in the way we have done so is a construction that we do not think was anticipated by the NGR as the norm. We do not think it will generally be the case that a re-allocation under rule 237(9) should result in the inclusion

[24] Joint Submission at [47]-[50]
[25] Exhibit 30.
[26] Wholesale Market Compensation Procedures (Victoria) v1.1 issued 4 May 2015.

of the re-allocated costs in the amounts of compensation in respect of the claims determined under rule 238(1)(a).

37. However, on the facts of this case, we are persuaded that it would be consistent with the efficiency goals in the national gas objective to adopt the course proposed by AEMO. The alternative would be, as AEMO submitted, for AEMO to fund the costs for a time out of a loan facility, and then to recover them from Registered participants in a manner that would "smear" those costs across the market generally. That would be an inefficient outcome, in the sense that costs that are indirectly attributable to the injections the Claimant made during the administered price period would be borne by all Registered participants somewhat indiscriminately, rather than by the Market Participants whose positive scheduled imbalances contributed to the need for those injections and in proportion with the extent of those contributions. It is a more efficient outcome for the costs of WEMDRA and the Dispute resolution panel to be treated as an input in the amount of compensation in respect of the Claimant's claims pursuant to rule 238(1)(a), to then be allocated under the approach we have determined pursuant to rule 238(1)(b).

38. We have decided to allocate the costs of WEMDRA and the Dispute resolution panel to the Claimant. We will include those costs in the compensation to be calculated under rule 238(1)(a), which we turn to next.

Determination under rule 238(1)(a)

39. , In accordance with Rule 238(1)(a), we must make a determination on other amounts of compensation to be paid by AEMO respect of the claims.

40. As already noted, to the extent the compensation procedures address a relevant issue, our determination must be consistent with the compensation procedures.[27] The compensation procedures, in section 4, include Principles for the Award of Compensation, which cover three compensation scenarios, the second of which applies here: (b) where gas is injected in accordance with scheduling instructions when an administered price cap is in place.

41. The principle in section 4(b) of the compensation procedures limits the compensation to:

    a. the direct cost of the gas injected plus any associated transmission charges associated with the injection of that gas, less

    b. any market payments received by the registered participant for that gas, where the market payments are (relevantly) the sum of *imbalance payments* and *deviation payments* or charges.

42. We are satisfied by thesubmission put to us by AEMO,[28] in respect of 4(b) of the compensation procedures. This is to determine whether the costs claimed represent

[27] Wholesale Market Compensation Procedures (Victoria) v1.1 issued 4 May 2015.
[28] Joint Submission at [33].

the direct cost of the subject gas injected plus any transmission charges associated with its injection, and then to deduct the amounts received from the DWGM at the price of $40/GJ.

43. In effect, this approach recognises that the Claimant incurred compensable loss by being scheduled to make injections at $40/GJ to the extent that that price did not enable full recovery of the Claimant's direct costs of making the injections. We consider that this approach best promotes the national gas objective set out in section 23 of the NGL.

44. The Claimant itemised the costs it claimed as costs of making the injections, which it sought to have included in the calculation of compensation. Much of the information about those costs was said to be commercial-in-confidence. We accept this. In particular, we accept that disclosure to competitors of the unit prices for such matters as the transfer of rights to gas and its storage agreed between APA and the Claimant would put both APA and the Claimant at potential commercial disadvantage and might have anti-competitive effects. We therefore made procedural direction no 2 under NGR rules 135HC(3)(c) and 135HG(2), to ensure confidentiality of such information is maintained.

45. The Claimant seeks sought compensation for three components of its costs, two of which were represented by certain proportions of amounts invoiced by APA for services described as "vaporisation availability" and "stock transfer". The Claimant also sought to have its "fefill costs" included in the calculation of compensation.

46. We are satisfied that in the 12 months preceding June 2022 the Claimant paid vaporisation availability charges to APA on a monthly basis for the capability to vaporise LNG and inject vaporised natural gas into the DTS should this be required. The Claimant has claimed direct costs contributing to its compensation claim for the proportion of these charges in the 12 months preceding June 2022 represented by the proportion of the quantity of gas it was scheduled to inject in relevant trading intervals to the total quantity of LNG stored on its behalf prior to June 2022.

47. In procedural direction no 1 we required the Claimant to explicitly state the basis for claiming for a (pro-rated) share of the total vaporisation availability charges for 12 months preceding June 2022. In reply the Claimant presented a record of its share of the quantity of stored LNG at the Dandenong LNG (DLNG) storage facility from the commencement of its contract with APA Group in May 2021, showing the Claimant had not withdrawn LNG from DLNG until June 2022 consistent with the DLNG facility being an annual storage facility.

48. We also considered if a more preferable approach would be to base compensation in a month on the total vaporisation availability charge for the month, that is without pro-rating for the amount scheduled. This alternative approach could be seen as acknowledging the vaporisation availability charge is a fixed cost incurred regardless of scheduled amount. We considered that while this alternative has some merit it could also result in highly volatile compensation imposts on the market resulting in very high charges when only a small amount of LNG is scheduled or much lower charges when higher amounts are scheduled. The approach proposed by the claimant avoids this outcome and for this reason we rejected the alternative.

49. We were also concerned to understand whether the Claimant had realised any other benefits from the payment of the vaporisation availability charge. In procedural direction no 1 we therefore also directed the Claimant to advise if it had realised any

benefits from the LNG held in the DLNG, including from hedging or contracting, other than through the short-term trading market (scil., the DWGM) between May 2021 and June 2022. The Claimant confirmed "*that it did not have any hedging or similar agreements in relation to the LNG facility that would have provided such revenues during this period."* We accept this.

50. The Claimant claimed a "stock transfer" cost as part of its compensation for June 2022. In procedural direction no 1 we directed the Claimant to explain this term, which was included in its spreadsheet but not defined or otherwise explained. Having considered the Claimant's confidential responding submission and the relevant invoices, we are satisfied that this item represents the cost to the Claimant of establishing initial rights to a quantity of gas in the DLNG storage facility. The Claimant seeks compensation on the basis that a portion of this cost should be included in the compensation calculation, corresponding to the volumes it was scheduled to inject into the DTS in relevant scheduling intervals and operating schedules in June 2022. Together with evidence that Origin Energy had not drawn on its stored LNG in the DLNG between May 2021 and June 2022, the Panel accepts the component of Origin's claim related to stock transfer.

51. Before closing our discussion of the vaporisation availability charge and stock transfer charge, we wish to make some observations that do not arise here but might be relevant to future cases. If situations arose where the LNG storage was drawn down for injections other than injections for which compensation claims were made, or if the storage capability otherwise provided a commercial benefit such as support for a hedging contract or arrangement, it would in our view be appropriate to allocate such charges across the multiple uses to which stored capacity had been put. The chosen allocation method would need to ensure that annual or one-off charges imposed on the relevant Market Participant for the stored capacity were recovered by the relevant Market Participant only once.

52. In addition to costs the Claimant attributed to APA, the Claimant also presented a record of times and amounts of refill of the DNLG from the DWGM during June and July. The Claimant has claimed for these amounts at the prevailing 6am market price on the day refill occurred which ranged from $35.50 per GJ to $40.0 per GJ (the capped price). Refilling occurred on days when no LNG was vaporised. AEMO has confirmed the 6am prices. As we noted above, the Claimant also presented as a confidential exhibit the contract between it and APA, and having regard to its contents we are satisfied that there was no opportunity to defer refill until the market price was lower.

53. Both revised spreadsheets correctly deduct from the amounts of direct costs claimed in the above categories the amounts the Claimant received from the DWHM at the administered price cap of $40/GJ.

54. For these reasons, we accept that the amounts and calculations presented by the Claimant in its confidential revised spreadsheets are correct and support its claim for compensation for unrecovered direct costs of the relevant injections of $282,475.40 (GST included) for June 2022 and $982,602.23 (GST included) for July 2022.

55. The total compensation for unrecovered direct costs of the relevant injections is therefore $1,265,077.63 (GST included).

56. When we add the sum of the costs of WEMDRA and ourselves acting as the Dispute resolution panel on these claims, $51,511.90, the total of the amount determined under rule 238(1)(a) is $1,316,589.53.

57. We note the consequential requirements in rule 238(3)-(6), including provision for interest to accrue and be paid as required by rule 238(5) and (6). These matters follow as a matter of the operation of the NGR and we make no reference to them in our formal determination.

Determination under rule 238(1)(b)

58. Our final task, imposed by paragraph (b) of rule 238(1), is relevantly to determine amounts to be paid to AEMO by Market Participants to fund compensation payment amounts determined under paragraph (a) of rule 238(1).

59. Again, we are required to determine these amounts in accordance with the compensation procedures, at least insofar as the compensation procedures address the issue. The total of the amounts to be paid to AEMO under our determination pursuant to rule 238(1)(b) must equal the total of the compensation amounts determined by the DRP under Rule 238(1)(a).

60. Other than the requirement that the determination must be consistent with the compensation procedures, the NGR do not specify or describe how this amount should be allocated among Funding Participants.

61. Section 5 of the compensation procedures sets out 'Principles for Funding Compensation Payments'. However, these principles do not address a scenario such as the present facts, and so do not assist us.

62. We have, however, been greatly assisted by submissions from AEMO as to an appropriate funding allocation approach. From amongst three options, AEMO promoted an approach it described as a form of "causer pays" approach. AEMO developed and refined the "causer pays" approach over the course of the proceedings, and demonstrated it with a worked example. AEMO submitted that the refined "causer pays" approach:[29]

> … would most fairly allocate the compensation amount to *Market Participants* that effectively caused AEMO to schedule the injection of the Claimant's gas from LNG storage at prices above the APC, based on net withdrawal positions in the DWGM for the *gas day* as at the time of scheduling. A method that closely allocates compensation cost to the causer would, in AEMO's view, best promote the national gas objective of efficient use of natural gas services for the long term interests of consumers (section 23 of the National Gas Law).

63. We are persuaded that this approach is the most workable and well aligned with the national gas objective. Under this approach, we do not make specific determinations of each amount to be paid by each relevant Market Participant. Rather, we determine that AEMO must calculate and obtain the relevant amounts from Market Participants as follows:

    a. in respect of each of gas day 1, 3, 5, 6, 8, 17, 19, 22 and 29 June 2022 and 1, 2, 3, 4, 6, 8 and 12 July 2022, AEMO must identify:

[29] Additional AEMO Submissions dated 17 October 2022 at [8].

i. each operating schedule in which AEMO scheduled an injection bid by the Claimant for any price step above $40/GJ into the LNG connection point of the Declared Transmission System at Dandenong;

ii. each Market Participant that had a positive scheduled imbalance for each such operating schedule;

iii. the amount of each such positive scheduled imbalance; and

b. AEMO must calculate:

i. the sum of the amounts referred to in subparagraph (a.iii) above in respect of each Market Participant ("**A**"); and

ii. the total of all of the sums referred to in the preceding subparagraph ("**B**");

c. allocate to each Market Participant the proportion of B represented by the ratio A:B.

64. We were asked by AEMO to ensure that AEMO would not be compelled to include the funding allocations calculated in this manner in the final statements for November 2022, because of the time of year that this additional financial impost would fall due. We have therefore decided to make it clear that AEMO should only do so in the final statements for December 2022 or later, but that AEMO should make payment to the Claimant of the compensation due to it by 31 March 2023 at the latest.

DATE: 28 November 2022

Peter R D Gray KC*
*liability limited by a scheme approved under professional standards legislation

Gregory H Thorpe