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Part of Energy Queensland

18 January 2023

Mr Charles Millsteed
Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Dear Mr Millsteed

Ergon Energy Retail submission to the Regulated Retail Electricity Prices for 2023-24 Interim Consultation Paper

Ergon Energy Queensland Pty Ltd (Ergon Energy Retail) welcomes the opportunity to provide comment to the Queensland Competition Authority (QCA) on its Regulated Retail Electricity Prices for 2023-24 Interim Consultation Paper.

Our response to the issues raised in the Interim Consultation Paper are outlined in the attached submission.

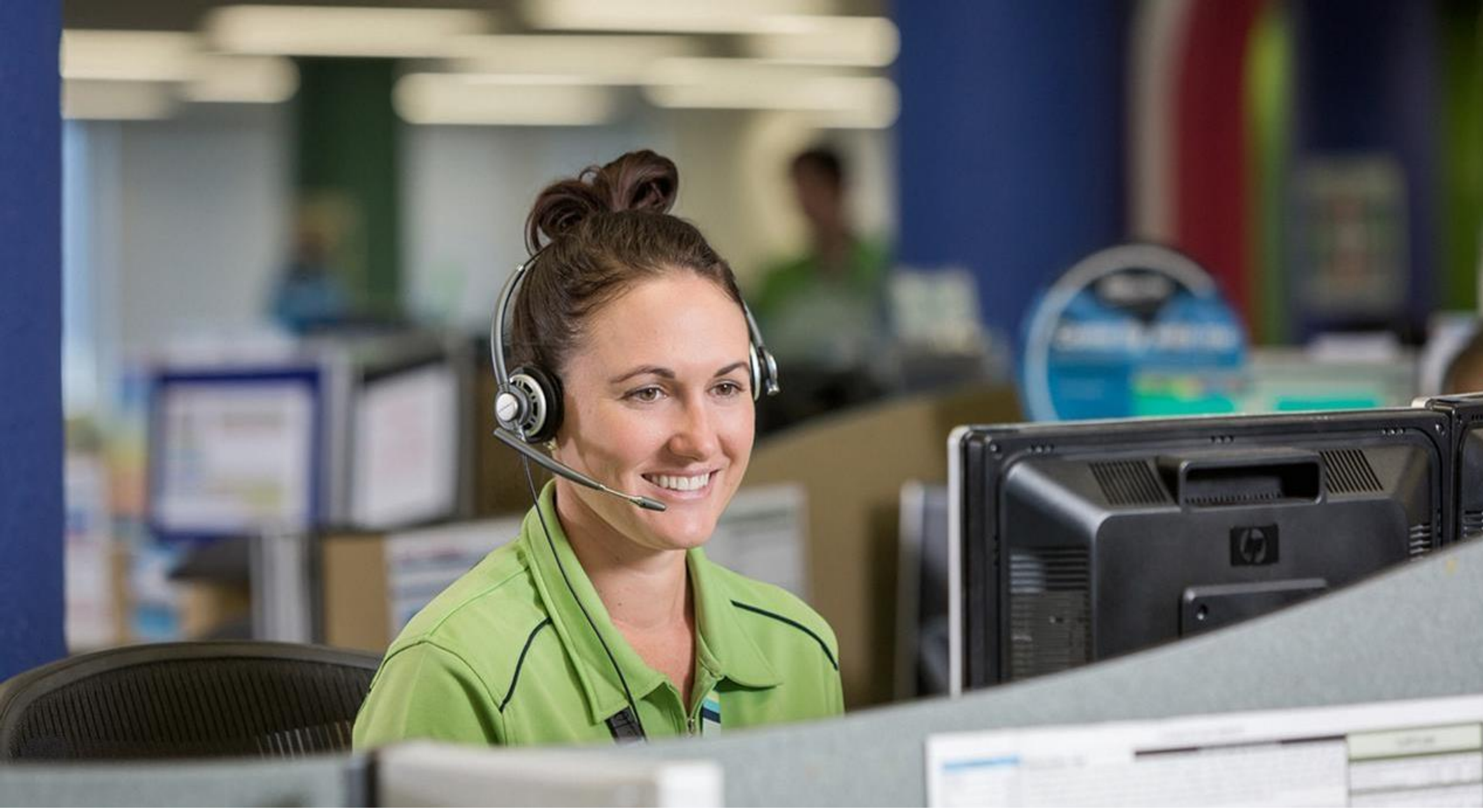
Ergon Energy Retail would welcome the opportunity to discuss these matters further with the QCA. Should the QCA require additional information in relation to any aspect of this submission, please contact Andrea Wold, Manager Retail Policy, Compliance and Assurance on [redacted]

Yours sincerely

[redacted]

Martin Seri
A/Executive General Manager Retail

Encl: Ergon Energy Retail Response to QCA Interim Consultation Paper



Response to the Queensland Competition Authority's Interim Consultation Paper

2023-24

PUBLIC SUBMISSION

18 JANUARY 2023

Part of Energy Queensland

About Ergon Energy Retail

Ergon Energy Queensland Proprietary Limited (Ergon Energy Retail) is an electricity retailer operating in regional Queensland. Ergon Energy Retail is part of Energy Queensland Limited (Energy Queensland), a Queensland Government Owned Corporation that operates businesses providing energy services across Queensland, including Distribution Network Service Providers, Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy Network); and affiliated contestable business, Yurika Proprietary Limited (Yurika), and its subsidiaries, including Yurika Metering.

Ergon Energy Retail sells electricity to 738,000 customers in regional Queensland with customers spread across a geographically diverse area ranging from Toowoomba in southern Queensland to remote communities in western Queensland to the Torres Strait in far north Queensland. Ergon Energy Retail is only permitted, by law, to sell electricity at the Queensland Government's regulated prices, which are set by the Queensland Competition Authority in accordance with the Government's Uniform Tariff Policy. Ergon Energy Retail is based in regional Queensland with offices in Cairns, Townsville, Rockhampton and Maryborough.

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Introduction

Ergon Energy Queensland Proprietary Limited (EEQ) welcomes the opportunity to provide comment to the Queensland Competition Authority (QCA) on its Regulated Retail Electricity Prices for 2023/24 Interim Consultation Paper (ICP).

As outlined by the QCA, the National Electricity Market (NEM) is progressing through a period of significant upheaval, challenging the resilience of market participants and the regulatory framework in which they operate. In particular, the volatility which impacted the energy market during 2022 resulted in extraordinary events including the Australian Energy Market Operator (AEMO) suspending the spot market, record contract prices, and illiquidity in the contract market

Such upheaval has meant that the QCA’s final price determination for 2022/23 does not allow a prudent retailer to adequately recover their costs. This is emphasised by the contraction in retail competition which has occurred across regional Queensland over this same time period as retailers were unable to offer market contracts at prices competitive to the notified prices.

EEQ strongly urges the QCA to ensure the final prices determined for 2023/24 are cost reflective. This is consistent with views of the Australian Competition and Consumer Commission (ACCC) who, in its *November 2022 Inquiry into the NEM Report,* was clear that regulated retail pricing must allow retailers to recover their costs so as to remain financially viable.

EEQ therefore seeks clarity from the QCA as to how it intends to incorporate the volatility which occurred in the contract market in 2022, noting the record contract prices which occurred between April 2022 and August 2022 and the subsequent easing of the contract pricing following the Government intervention to implement coal and gas price caps.

QCA Pricing Methodology

Network Component

Ergon Energy Retail supports the continued use of:

- Energex network tariffs for the network component of residential and small business retail prices
- Ergon Network East Zone Transmission Zone 1 tariffs for large customer retail prices.

Ergon Energy Retail considers that this remains the most appropriate approach for determining the network component for these tariffs, particularly in light of the Queensland Government's Uniform Tariff Policy.

Retail Component

Energy Costs

Wholesale energy cost methodology
EEQ notes the QCA intends to adopt a similar methodology to calculating the WEC component for 2023/24 as employed in previous years where the QCA (through ACIL Allen) forecasts energy and environmental costs that a prudent electricity retailer would be expected to incur in a given pricing year.

However, we consider there is an immediate need for the forecasting methodology related to both spot price forecasts and the trade weighted contract price to be enhanced to better consider the increasing spread of risks faced by retailers operating in the forward market.

1. Spot Price
EEQ suggests that the ACIL Allen spot price forecast must be modelled to include the impact of stress events in the market.

The electricity spot price forecasts produced for price determinations by ACIL Allen are an important input in calculating the WEC allowance. For the 2022/23 determination, ACIL Allen modelled a range of input assumptions and produced 561 spot price simulations, ranging from $110.01/MWh down to $63.91/MWh, with an average price of $78.53/MWh. The range and average outlined on Figure 1 (below) for the 2022/23 financial year are significantly below the actual average of ~$174/MWh.

Figure 1: Average Financial Year Spot Price $/MWh

Source: EEQ
Note: Financial year 2022/23 data is for the period 1 July 2022 to 31 December 2022

The ACIL Allen simulations were produced in early 2022 for the draft determination and reflected market conditions at that time, but by the time of the final determination in May 2022, market conditions had changed dramatically. Both coal and gas prices had risen to record levels resulting in a forward electricity market for FY2022/23 of ~$229/MWh. However, the final price determination used the ACIL Allen spot price simulations prepared for the earlier draft determination despite the significant yet visible shift in the market causing the underlying assumptions to be incorrect at the time of the final price determination.

EEQ therefore recommends to the QCA that it update its spot price forecasts immediately prior to the final price determination to ensure it is using the most current market data. We also recommend that spot price simulations used for this and future determinations consider dramatic movements in fuel costs and generator availability. At the same time increasing amounts of solar generation are causing increased periods of negative spot prices. EEQ therefore considers that the range of the spot price simulations must be significantly greater than those produced previously.

For the 2022/23 price determination, we also note the annual hedged price for the Net System Load Profile (NSLP) produced using the 561 spot price simulations ranged from $80.26/MWh to $98.27/MWh. EEQ considers that in the current market environment this range is too narrow and there is a clear need for a greater range of plausible outcomes in determining the WEC allowance.

EEQ acknowledges the government intervention into gas and coal prices with a 12 month price cap being enacted and a mandatory code of conduct being developed for future years. We note the price caps have a number of exemptions which may still result in high gas prices at times of high gas and electricity demand. The impact of the 12 month price cap on electricity spot prices is uncertain.

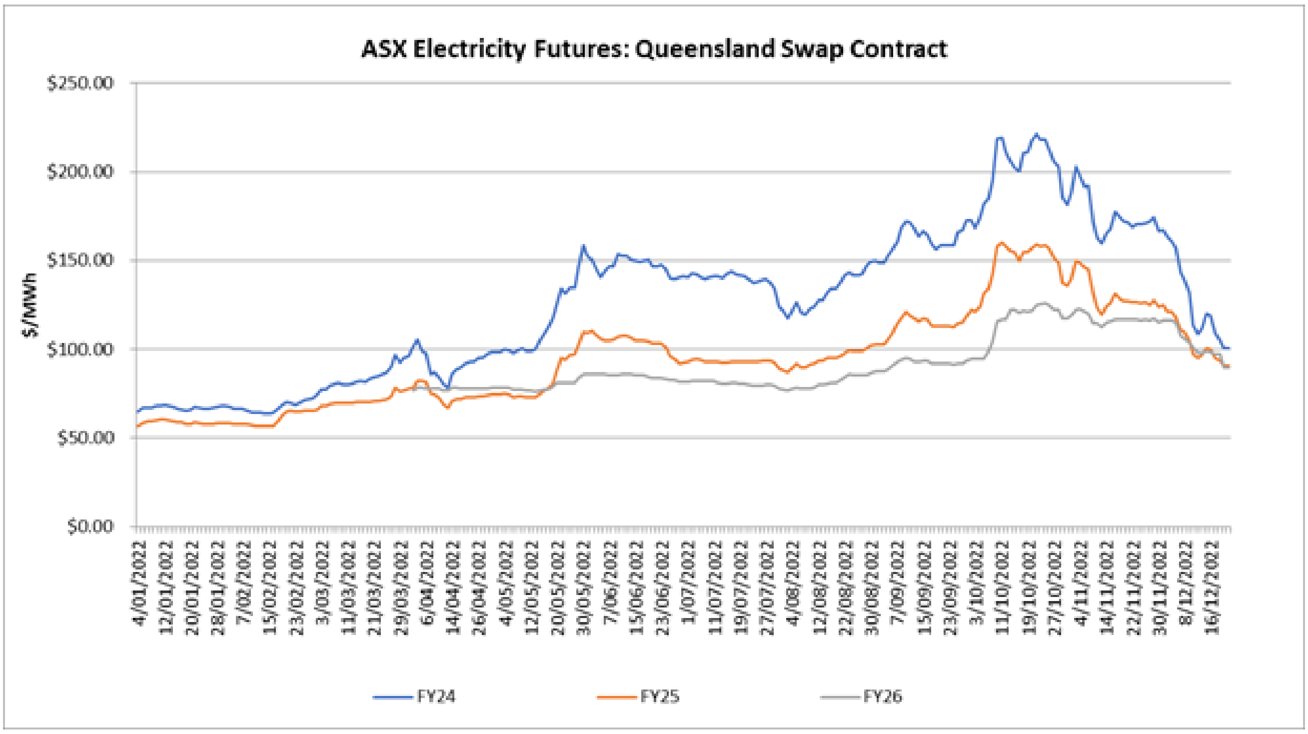
The spot price simulations prepared for the 2023/24 price determination should take account of the exemptions that have been implemented. For example, gas supplied to the Wallumbilla Gas Supply Hub for delivery within three days is not subject to the gas price cap. In our view this gas price uncertainty should be reflected in the range of outcomes in the spot price simulations.

2. Contract Price

EEQ suggests that the QCA and ACIL Allen must recognise that prudent retailers acquired contracts during periods of soaring contract prices between May 2022 and December 2022. We further suggest there is a need for the QCA and ACIL Allen to acknowledge current illiquidity on the Australian Stock Exchange (ASX) meaning retailers are increasingly reliant on more expensive Over-The-Counter (OTC) trades to satisfy hedge positions and approved risk profiles.

Surging price impacts during calendar year 2022 were not limited to the spot market, with market volatility delivering similar outcomes in the contract market (refer Figure 2 below). In the period January 2022 to January 2023, swap contract prices on the Australian Stock Exchange (ASX) varied between \$60/MWh and \$220/MWh. Due to the risk of having load exposed to the spot market, prudent retailers entered into contracts at historically high strike prices, increasing the weighted value of their future contract position.

Figure 2: ASX Electricity Futures – Queensland Swap Contracts $/MWh



Source: EEQ

EEQ raises the issue of the illiquidity of cap products and recommends that the QCA and ACIL Allen adjust the modelled portfolio composition to:

a) Consider the ASX \$300 cap open interest at the time the WEC methodology is applied and adjust the portfolio composition accordingly.

b) Recognise retailers may be not 100% hedged in the evening peak as they must also manage an over-hedged position in the middle of a day.

c) Ensure the modelled portfolio composition allows for a level of spot exposure where peak demand is well above the average peak demand.

Of interest to EEQ was the ACCC's *November 2022 Inquiry into the NEM Report* which provides

> *Regulated retail pricing affects the ability of retailers to recover their costs and remain financially viable. It is important that regulated pricing reflects the actual costs of operating in the market, including the costs of managing price risk.*
>
> *Our analysis indicates that these costs have increased in 2022 due to a shift toward over-the-counter contracts, which have generally traded at a premium to exchange-traded contracts. Retailers have also faced cost pressures from increased credit support requirements.*
>
> *The AER should consider these findings in its review of the Default Market Offer wholesale cost methodology, and the Essential Services Commission should do so in any future reviews of the Victorian Default Offer, to ensure that regulated retail prices reflect retailers' hedging costs in prevailing market conditions.*[1]

The ACCC also suggests that regulated retail price setting should accurately reflect hedging costs tied to a shift in contracting from the ASX and towards OTC trades attracting a premium on ASX prices.

While the ACCC has targeted its recommendations to the AER in setting the DMO prices and the Essential Services Commission in setting the Victorian Market Offer, we are of the view the ACCC's recommendations should equally be applied to the QCA in setting the notified prices.

3. Modelling recommendations

Building on our spot and contract recommendations outlined above, EEQ suggests that the QCA's WEC modelling consider the appropriate distribution of simulations incorporating assumptions which better reflect evolving market conditions, including a wider range of possible black swan events such as those which caused the market suspension in June 2022. In particular, we recommend to the QCA that it:

1. Make provision for extreme volatility in price/demand modelling by requiring ACIL Allen to increase the number of simulations it undertakes to capture what we expect to be an extremely broad range of possible market and price outcomes. We also suggest that in the interest of transparency, these simulations and assumptions be made available to retailers.
2. Retain the 95th percentile assessment of pricing outcomes as a means to appropriately consider spot-price risk across the range of possible outcomes against a highly volatile market outlook.
3. Consider a trigger in the pricing determination which allows for the pass through of an extraordinary market event. In a similar manner to the recovery of RERT costs, EEQ considers that where market events occur which mean a prudent retailer cannot recover their efficient costs against the WEC, an allowance must be made the following year to keep the retailer whole.

Price Intervention

On 15 December 2022, the Australian Parliament passed legislation to cap coal and gas prices in an attempt to reduce steep wholesale prices for energy consumers. We re-emphasise that as per the WEC methodology, a prudent retailer will build their hedge position over a two to three-year period in line with their financial risk management policies. Further, due to prevailing market conditions in 2022, retailers purchased more expensive contracts to reduce their risk of spot exposure in future periods. This means the majority of a

[1] ACCC Inquiry into the NEM Report November 2022, p. 6

prudent retailer's hedge cover for 2023/24 has been purchased at much higher contract prices well ahead of the coal and gas price caps being announced by the Australian Government.

EEQ cautions that these coal and gas caps may result in prudent retailers who have hedged their position to now have significant contract for difference exposure, and will likely seek to pass this liability to customers via higher retail prices.

EEQ seeks advice from the QCA and ACIL Allen as to how they intend to accommodate these price caps (and the proposed Code of Conduct on gas and coal prices) in the WEC, and how the settlement difference provisions will be captured in the WEC.

Use of load profiles informed by interval meter data
EEQ is committed to the deployment of digital meters in regional Queensland with ~34% of our National Meter Identifiers (NMIs) now having a digital meter installed, and a commitment to increasing our installation rates.

We acknowledge that one of the primary benefits of digital meters is their ability to provide more useful insights into customer energy use patterns, and in theory, we consider it appropriate that the QCA use interval data from digital meters to inform load profiles for tariff setting purposes. Such an approach should deliver a more representative picture of load shape and, in turn, provide the basis for a more cost reflective WEC. However, the majority of our customers with digital meters remain on flat tariffs (i.e. Tariff 11 and Tariff 20) meaning they have had no price signal (and in turn, no incentive) to change their load shape.

Until customers with digital meters are appropriately incentivised via cheaper middle of the day prices to move to a more cost-reflective tariff e.g. a Time-of-Use (TOU) tariff, we are uncertain whether using digital meter data to inform load profiles will deliver the QCA with the clarity it may require in setting the WEC.

Consequently, for the 2023/24 pricing year, we recommend that the QCA:

- consider and compare both the Net System Load Profile (NSLP) and interval meter data to understand the potential impacts of using digital meter data to inform the WEC; and
- Apply a combination of approaches with a glide path for a period of two to three years to soften any unexpected price impacts for retailers or customers.

Other energy costs and losses

1. *Market suspension/Administered Pricing Period (APP) costs*
   EEQ welcomes the QCA's comments that it "*intends to consider any costs incurred due to market events during 2022, particularly in relation to the trigger of the administered price cap and suspension of the wholesale market by AEMO (from 15 to 24 June 2022). If this resulted in additional costs being incurred (and if there is evidence to support this) it could be appropriate to consider incorporating these into our estimates.*"

   EEQ notes that the Reliability and Emergency Reserve Trader (RERT) was triggered on 13 June 2022, 14 June 2022, 15 June 2022 and again on 5 July 2022 in Queensland, the costs of which need to be recovered in the 2023/24 notified prices as these costs were beyond the control of retailers.

   Additionally, we note that the Australian Energy Market Commission (AEMC) is still considering compensation claims from eligible market participants for losses incurred during the Administered Price Period (APP) in June 2022, with determinations due in early 2023. EEQ notes that a Compensation Update from AEMO dated 6 January 2023 (refer Attachment 1) indicates NEM-wide additional compensation claims for market suspension to be $87.6M. While this element appears to have been finalised, we also note that administered pricing compensation claims are still being assessed by the AEMC. Until the quantum of these claims is finalised by the AEMC (and other regulators where relevant), it is difficult to quantify a retailer's liability. We therefore recommend that a market events compensation allowance (representing the RERT + Directions + Suspension + APP of June-July 2022) be incorporated in the WEC, with a true-up in 2024-25 to account for under or over recovery.

2. *Impact of RRO in SA and NSW*
EEQ does not anticipate that the RRO triggers in NSW (T-3) or SA (T-1) will directly impact the Queensland market as any uptick in contract prices driven by increased demand for contracts in NSW should be captured in WEC modelling. However, if a retailer did need to procure additional cover in the evening peak to meet its Queensland demand, this will likely come at a premium price. We therefore recommend the QCA consider a range of possible RRO scenarios as part of the expanded WEC modelling for 2023/24.

3. *NEM management fees and ancillary service charges*
EEQ seeks clarity from the QCA on whether the AEMO management fees are forward facing (based on budget for the price determination period) or backward facing (incurred in a historical period), noting the different approaches applied by the QCA between its 2022/23 draft determination and final determination. EEQ's preference is aligned to the QCA's final determination that NEM management fees are forward facing as this will provide a more reasonable basis for estimating the retailer's expected cost for the upcoming price determination period.

   We also refer the QCA to:

   - AEMO's 2022/23 Budget which advises of a substantial operating deficit in the cost of providing core NEM functions which it intends recover from industry participants over three years; and
   - AEMO's extensive reform implementation agenda necessary to ensure Australia's systems and markets are fit for purpose in the changing and more complex energy future, for which an additional stand-alone fee to be levied on market participants has subsequently been declared.

   Finally, from 1 July 2023, AEMO's Fee Structure changes from what has been based on a rate per MWh to a combination of rate per MWh plus connection point basis. As such, retailers who predominantly serve small customers (such as EEQ) expect to see a large increase in share of NEM management fees and ancillary service charges which must be allowed for in the price determination.

Retail costs

EEQ acknowledges that the QCA intends to maintain its approach to setting the retail cost allowance by using existing retail cost allowances adjusted for inflation. EEQ notes increasing complexity in the wholesale and retail markets driven by regulatory reform, resource challenges and heightened trading risks, and considers these costs should be incorporated in retail costs.

There is a continuing need for retailers to be able to recover regulatory costs related to the avalanche of reform now progressing through the NEM, largely driven by the Energy Security Board's NEM 2025 program. AEMO's identification of this work program as a declared project should, in our view, be sufficient evidence to prove to the QCA that this regulatory reform is in fact a step change in costs driving system and resource investment. We further acknowledge increasing compliance costs with rule changes such as the AEMC's Family Violence rule change introducing additional Tier 1 penalty provisions which retailers must invest against.

Metering costs

EEQ welcomes the Minister's pricing delegation to the QCA which provides for the setting of advanced digital meter (ADM) charges for small customers based on:

- the costs incurred by retailers in South East Queensland for small customer metering services (Energex basic metering plus advanced digital metering)Forecast deployment rates for advanced digital meters in regional Queensland
- Costs recovery, as an element of the R components, across all standard retail contract customers for each regulated tariff.

EEQ notes the AER in its final DMO price determination for 2022/23 calculated its digital metering charge as follows:

> *We requested retailers selling to approximately 94% of customers in DMO regions to provide the number of customers on advanced meters and accumulation meters for each DMO region and customer type as at 30 September 2021. We also asked retailers to provide average per advanced meter costs. In our final determination we have made a small adjustment to the advanced meter allowance to reflect the legacy accumulation capital charges that retailers continue to incur when an accumulation meter has been installed due to the request of the customer, a faulty accumulation meter, or when a smart meter has been installed by the retailer as part of the new meter deployment.*[2]

Provided our understanding that the advanced meter allowance is in addition to the ACS metering charges we currently recover, we consider the AER methodology to be fair as it allows for the recovery of digital meter costs plus legacy accumulation capital charges that retailers continue to incur when the meter is removed (where applicable). We recommend to the QCA that it apply a similar methodology.

With respect to the Minister's pricing delegation requiring the QCA to *set a retail charge based on EEQ's average costs of manually reading a type 4A meter for customers who have voluntarily disabled the remote communication function of their ADM*, we advise this is not an easy figure to determine. Only a very small number of EEQ customers to date have chosen to have the communication function of their digital meter disabled. Determining the costs to read these meters is complicated based on the geographic location of the customer, access to their meter, and the availability of meter reading staff. While outside of the Minister's pricing delegation, we make the note that it is Energy Queensland's preference to work with the AEMC and other stakeholders in the energy sector to remove the ability for a customer to elect to disable meter communications which would overcome the need for this charge. As such, a fee to read a type 4A meter would, if progressed by the QCA, quickly become redundant. Consequently we question whether the fee should be aligned to the special read contained within Schedule 8 of the *Electricity Regulation 2006* as a short-term measure.

New tariffs

EEQ supports the introduction of more cost reflective price signals. In our view, these two new tariffs will provide customers with greater financial incentives to shift load from the evening peak to the middle of the day, delivering benefits for customers, retailers, and the Ergon Network business. Whilst we acknowledge these tariffs are intended to target Electric Vehicle (EV) and battery storage customers, from an equity perspective we consider they should be available to all small customers who are able to make use of these tariffs, including those who do not have access to rooftop solar, thereby allowing them to benefit from Queensland's abundance of solar PV.

[2] AER Default Market Offer prices 2022/23 Final Determination, page 67-68

We also consider that a 3-part TOU structure is beneficial to regional Queensland customers who have significant overnight (shoulder) loads. Consequently, we support the use of a 3-part TOU structure for these new retail tariffs.

In pricing these tariffs, EEQ expects that digital meter load profiles will be used. However, as we have previously outlined in this submission, the majority of current digital metered customers are on flat tariffs meaning their load shapes may not necessarily reflect the load profile of a customer on a TOU tariff due to the lack of price signals provided by a flat tariff. We also consider that the relatively small number of customers on existing TOU tariffs 12B and 22B is not sufficiently robust to enable the QCA to build a WEC for these proposed new tariffs as customer outliers would influence load shape. Consequently we consider a weighted calculation using both digital meter data and the NSLP may be appropriate in initial years until there are sufficient customer numbers on these new tariffs to enable digital meter data to drive the WEC shape.

EEQ notes the Minister's expectations that these new retail tariffs will be additional (rather than replacement) tariffs. However, given the large size of the notified prices tariff suite, EEQ strongly urges the QCA to make tariffs 12B and 22B obsolete from 1 July 2023, with the intention to close these tariffs from 30 June 2025. The customer impacts are considered minimal as the new 3-part TOU tariffs are expected to supersede the function served by these existing two tariffs.

Alternatively, repurposing the existing Tariffs 12B and 22B would reduce this implementation risk of building two new tariffs in a short time period (driven by the later release of the final price determination), and is not expected to have a large adverse price impact on customers who may, subject to pricing, be better off on the new tariffs.

Additional fees and charges

The AEMC's Review of the regulatory framework for metering services has not addressed the issue of meter housing upgrades ahead of the installation of a new digital meter.

To facilitate meter installations, where possible our Metering Provider (MP) will undertake simple alterations to customer switchboards (e.g. install meter backing boards, links or antennas) and pass these costs through to the retail business. This reduces the potential for wasted truck visits and means the customer is able to immediately access the benefits of having a digital meter installed. However, EEQ cannot recover MP costs from a customer as it is limited via the Price Gazette to the recovery of ACS charges from a distribution network service provider (DNSP).

EEQ considers it appropriate that MP's continue to perform simple upgrades of meter housing to enable digital meter installs where is it possible to do so, and that these costs be passed to customers via customer electricity bills. As such we consider it appropriate that the Price Gazette be amended to allow for the pass through of MP charges to a customer.

June 2022 NEM Events: Compensation Update (6 January 2023)

A series of conditions affecting in the National Electricity Market (NEM) between 12 and 23 June 2022 triggered administered pricing, spot market suspension and around 500 separate market interventions under the National Electricity Rules. The nature and scale of these events was unprecedented in the NEM. They have associated compensation and contract payments that, under the rules, must be recovered from Market Customers (mainly electricity retailers).

This is the fifth in a series of updates from AEMO with the latest available information and estimates of cost recovery amounts and dates. This update reflects the final independent expert determination of compensation payments for directions and market suspension pricing, included in NEM revision statements issued during January 2023. This update also includes the administered pricing compensation amounts determined by the AEMC up to 6 January 2023. AEMO's previous updates, along with FAQs, fact sheets and other material on the market suspension and compensation are available on the June 2022 market events page.

Cost recovery through NEM settlements occurs in relation to weekly market billing periods. The June 2022 events spanned weeks 25 and 26. Four categories of compensation and contract payments have to be recovered for those two weeks, over a period extending to least January 2023. The compensation categories are listed below, with the scheduled NEM settlement statement dates and approximate amounts where known. These costs are allocated to NEM regions in accordance with the rules, and then recovered from market customers in proportion to energy purchased in each relevant region.

Compensation amounts and timing

1. **RERT payments** (for activated demand response under Reliability and Emergency Reserve Trader contracts)

July 2022		November 2022
Final statements - RERT payments (NEM total $80m)		**Revision statements – RERT payment adjustments of $2.3m**
Week 25: 13 July • Qld - $3.7m • NSW - $76.2m	Week 26: No RERT	Week 25 R1: 1 November • Qld - $0.1m • NSW - $2.2m

2. **Directions compensation** (directed participants for energy, ancillary services or other compensable services)

July 2022		January 2023	
Final statements – Provisional amounts[2] (NEM total $2.1m)		**Revision statements:** • **Additional compensation (NEM total $6.6m)** • **Fair payment for other services (NEM total $9.6m)[3]**	
Week 25: 13 July • Qld - $930k • NSW - $550k • Vic - $360k • SA - $100k • Tas - $0	Week 26: 20 July • Qld - $40k • NSW - $70k • Vic - $40k • SA - $10k • Tas - $0	Week 25 R2: 12 January • Qld - $6.9m • NSW - $2.7m • Vic - $1.8m • SA - $0.5m • Tas - $0	Week 26 R2: 19 January • Qld - $1.2m • NSW - $1.7m • Vic - $1.1m • SA - $0.3m • Tas - $0

[2] For directions, provisional compensation is paid instead of the spot price trading amount. Only the net amount is shown.

[3] Recovery of fair payment for other services is shared between Market Customers, Market Generators and Small Generation Aggregators

3. **Suspension pricing compensation** (for eligible costs not covered by spot prices when set/affected by market suspension pricing schedule prices)

July 2022		January 2023	
Final statements – Provisional amounts (NEM total $7.2m)		**Revision statements – Additional compensation (NEM total $87.6m)**	
Week 25: 13 July • Qld - $1.1m • NSW - $1.6m • Vic - $1.1m • SA - $280k • Tas - $0	Week 26: 20 July • Qld - $860k • NSW - $1.3m • Vic - $830k • SA - $220k • Tas - $0	Week 25 R2: 12 January • Qld - $14.9m • NSW - $22.1m • Vic - $14.4m • SA - $3.9m • Tas - $0	Week 26 R2: 19 January • Qld - $8.7m • NSW - $12.9m • Vic - $8.4m • SA - $2.3m • Tas - $0

4. **Administered pricing compensation** (for eligible costs when spot market prices were set/affected by the administered price cap)

January 2023 onwards
Claims assessed and progressively determined by the Australian Energy Market Commission (AEMC), with the aim for direct cost claims to be determined first. The first AEMC determinations were finalised in December 2022 and will be included in final statements from 9 January 2023. The total administered pricing compensation payable is not yet known. As of 6 January 2023, the amounts determined and recoverable from each region are (NEM total $17.1m): • Qld - $6.3m • NSW - $10.7m • Vic - $0 • SA - $27k • Tas - $0 Further compensation amounts will be published on the AEMC website as each claim is determined, with payment and recovery amounts included in the next practicable final statements.

No claims were received for 'affected participant' compensation for changes in dispatch due to interventions.

Regional summary

NEM region	Total compensation amount (up to 6 January 2023)[6]	Equivalent recovery rate ($/MWh)[7]
Qld	$45 million	$27
NSW	$132 million	$54
Vic	$28 million	$19
SA	$7.5 million	$17
Tas	$0	$0

[6] Compensation amount does not include Independent Expert costs, which are estimated to be approx. $260k

[7] Equivalent recovery rate is indicative only and actual recovery is specific to each compensation mechanism and period involved. Recovery rate is based on regional energy over the period of the event, 12 to 23 June 2022.

Where can I find more information?

See AEMO's website for:

- June 2022 market events - presentations, FAQs and reports
- Guide to Market Suspension in the NEM
- RERT reports
- Intervention settlement timetable

See the AEMC's website www.aemc.gov.au for the National Electricity Rules and more information on administered price compensation.

If you cannot find what you need on our website, please contact AEMO's Information and Support Hub:

- supporthub@aemo.com.au or
- call 1300 236 600

Please note AEMO is not able to provide specific advice on your particular circumstances.