

Guide to Intervention Pricing

May 2025

NER 3.9.3





We acknowledge the Traditional Custodians of the land, seas and waters across Australia. We honour the wisdom of Aboriginal and Torres Strait Islander Elders past and present and embrace future generations.

We acknowledge that, wherever we work, we do so on Aboriginal and Torres Strait Islander lands. We pay respect to the world's oldest continuing culture and First Nations peoples' deep and continuing connection to Country; and hope that our work can benefit both people and Country.

'Journey of unity: AEMO's Reconciliation Path' by Lani Balzan

AEMO Group is proud to have launched its first [Reconciliation Action Plan](#) in May 2024. 'Journey of unity: AEMO's Reconciliation Path' was created by Wiradjuri artist Lani Balzan to visually narrate our ongoing journey towards reconciliation - a collaborative endeavour that honours First Nations cultures, fosters mutual understanding, and paves the way for a brighter, more inclusive future.

Important notice

Purpose

The Australian Energy Market Operator (AEMO) publishes the Guide to Intervention Pricing to provide general information about the operation of the intervention price provisions in the National Electricity Market (NEM) as at the date of publication.

Disclaimer

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Version control

Version	Release date	Changes
2.3	13/05/2025	<ul style="list-style-type: none">• Updated to new AEMO template• Updated to reflect terminology relating to National Electricity Amendment (Integrating energy storage systems into the NEM) Rule 2021 No.13• Updated Compensation section to include Ancillary Service Provider
2.2	01/11/2021	<ul style="list-style-type: none">• Updated for wholesale demand response and 5-minute settlement
2.1	31/12/2020	<ul style="list-style-type: none">• Updated to reflect changes to RRN test
2.0	12/07/2019	<ul style="list-style-type: none">• Updated to new AEMO template• Modified for 5-minute settlement



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1 Introduction

The intervention price provisions of the National Electricity Rules (NER) form an important component of pricing in the National Electricity Market (NEM). These are implemented during periods when AEMO intervenes in the NEM by issuing a direction in accordance with NER 4.8.9 or exercising the Reliability and Emergency Reserve Trader (RERT) provisions in NER 3.20.

In accordance with NER 3.9.3(b), AEMO must set the energy and ancillary service prices during intervention at the prices that would have applied had the Intervention not occurred.

2 Declaration of intervention pricing

NER 3.9.3(a) requires AEMO to declare an intervention trading interval (ITI) when it intervenes in the market by directing a participant or exercising the RERT¹. AEMO makes the declaration through a Market Notice.

In accordance with NER 3.9.3(b2), intervention pricing is not invoked for some interventions:

- This applies for those interventions where an equivalent intervention at the regional reference node would not have removed the need for the original intervention. For example, if a generator is directed to operate its generating plant to address a supply deficiency that is confined to a part of the network that does not include the regional reference node, then intervention pricing is not invoked. This might occur if a network constraint was restricting supply to a remote area near the directed generator.
- This also applies to interventions for services which are not priced by the dispatch algorithm, that is, non-energy or non-market ancillary services. These services include, but are not limited to:
 - inertia;
 - voltage control;
 - system strength; and
 - non-market ancillary services.

In all these cases normal price setting as per NER 3.9.2 and 3.9.2A continues.

In accordance with NER 3.9.3(c), AEMO is also allowed a small amount of time after intervening in the market to begin intervention pricing, if intervention pricing is required, but must use reasonable endeavours to start intervention pricing as soon as practicable.

¹ For AEMO's procedure, see System Operation Procedure SO_OP_3707: Intervention, Directions and Clause 4.8.9 Instructions (https://www.aemo.com.au/-/media/files/electricity/nem/security_and_reliability/power_system_ops/procedures/so_op_3707-procedures-for-issue-of-directions-and-clause-4-8-9-instructions.pdf?la=en).



3 Operation during an intervention price period in a region

When an ITI is declared and intervention pricing is invoked, AEMO publishes a market notice to advise of the start of an intervention price period. Calculation of dispatch targets and intervention pricing is then triggered in NEMDE² by initiating two parallel runs:

- The Intervention/Outturn run determines the dispatch targets for all generating units, wholesale demand response units and scheduled loads during the intervention event. This run takes into account the consequences of issuing a direction or exercising the RERT.
- The What-If/Pricing run determines the energy and ancillary service prices on which the market will be settled. This run is used to calculate energy and ancillary service prices that would have applied had the intervention event not occurred.

More information on the calculation of intervention pricing is contained in the Intervention Pricing Methodology Procedure. The procedure is available at https://www.aemo.com.au/-/media/files/electricity/nem/security_and_reliability/dispatch/policy_and_process/intervention-pricing-methodology.pdf?la=en.

4 Effect on connected regions

During an intervention event, the energy and frequency control ancillary services (FCAS) prices from the intervention pricing run are applied to all regions, whether intervention has occurred in that region or not. Prices in interconnected regions may be further modified by market price cap scaling, market floor price scaling, or administered pricing scaling. In these scenarios the appropriate scaling arrangements required under the Rules³ are used to override the intervention prices calculated for adjacent regions.

5 End of an intervention price period

An intervention price period ends when the direction or activation of RERT ceases. This is advised by AEMO via a Market Notice.

² National Electricity Market Dispatch Engine, which determines dispatch and pricing outcomes for each 5-minute interval.

³ See NER 3.9.5(c) for market price cap scaling, NER 3.9.6A(c) for market floor price scaling, and NER 3.14.2(e) for administered price scaling.

6 Compensation

Following an AEMO intervention event, AEMO determines compensation amount payable or receivable⁴ to Affected Participants (including eligible persons), Affected Load Participants and Ancillary Service Providers⁵ in accordance with NER 3.12.2.

An Affected Participant, Affected Load Participant, or Ancillary Service Provider is not entitled to receive from, or required to pay to, AEMO if:

- dispatch outcomes are identical between the intervention dispatch run and intervention pricing run as outlined in NER 3.12.2(b2); or
- the compensation amount in respect of a single AEMO intervention event is less than \$5,000 as outlined in NER 3.12.2(b).

In respect of a single AEMO intervention event, an Affected Participant, Affected Load Participant or Ancillary Service Provider may make a submission to AEMO claiming additional amounts of compensation⁶, provided the adjustment claim exceeds \$5,000⁷.

For more information on AEMO's methodology and approach for calculating AEMO intervention event compensation refer to the Methodology for AEMO Intervention Event Compensation. The document is available at: https://aemo.com.au/-/media/files/electricity/nem/security_and_reliability/dispatch/policy_and_process/methodology-for-aemo--intervention-event--compensation.pdf?la=en.

6.1 Compensation recovery amount

Any compensation that AEMO pays or receives due to an intervention event in the market is recovered or payable from Cost Recovery Market Participants. Compensation payments and recovery amounts are shown on preliminary and final settlement statements for the billing week in which the compensation determination is published to the market.

⁴ Not applicable for Affected Load Participant, compensation is only payable.

⁵ Other than an Affected Participants (including eligible persons), Affected Load Participants and Ancillary Service Providers which was the subject of any direction that constitutes the AEMO intervention event.

⁶ See NER 3.12.2(f) and (g).

⁷ See NER 3.12.2(i).