Improving compensation frameworks: High level implementation assessment

August 2026

Preliminary view for participants for their comment on how the rule change may be implemented by AEMO

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 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

AEMO has prepared this document to provide preliminary information about the implementation design of the *Improving compensation frameworks* draft rule.

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Version control

Version	Release date	Changes
0.1	20/08/2026	Draft

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Public

1 Introduction

This section explains:

- The background and high-level policy rationale for the Improving compensation frameworks (CF) reform.
- The purpose of this High-level implementation assessment (HLIA) document.
- How stakeholders can contribute to the development of the CF reform.

1.1 Rule change: Improving compensation frameworks

Draft rule

On 9 July 2026, the Australian Energy Market Commission (AEMC) published a draft determination and draft rule titled **Improving compensation frameworks**. The draft rule proposes changes to the compensation arrangements that apply when administered pricing, market suspension or AEMO directions affect the operation of the National Electricity Market (NEM). The proposed reforms seek to improve the consistency, clarity and predictability of compensation outcomes, while maintaining appropriate incentives for participants to provide energy and other services during periods of system and market stress.

Issue

The existing compensation arrangements have developed over time through separate rule changes and policy initiatives. As a result, the administered pricing, market suspension and directions compensation frameworks contain different methodologies, governance arrangements, cost recovery mechanisms and claims processes. This can create complexity for claimants, inconsistent outcomes across frameworks and administrative burden for both market participants and AEMO.

The draft rule recognises that participants may face similar economic impacts during market intervention events, regardless of the mechanism that triggered the event. The AEMC therefore proposes a more consistent and transparent framework for calculating, assessing and administering compensation across the NEM.

Benefits

The draft rule is intended to improve the consistency, transparency and predictability of compensation outcomes for market participants. By aligning compensation methodologies, governance arrangements and claims processes across the three frameworks, participants would be subject to more consistent assessment criteria and information requirements regardless of the type of intervention event.

By strengthening these frameworks, the draft rule aims to support reliability and security in the NEM by ensuring participants are appropriately compensated when providing energy and other services during system and market stress events.

Background

In June 2022, extreme market conditions in the NEM led to administered pricing, directions, and the suspension of the market. This stressed-tested the calculation, processes, and administration of all three compensation frameworks, namely administered pricing, directions and market suspension.

The AEMC subsequently self-initiated a review into electricity compensation frameworks, which was completed on 12 December 2024.

The AEMC received and consolidated three rule change requests relating to the NEM compensation frameworks – two from Tilt Renewables (2023) and one from AEMO (2025).

The draft rule largely implements recommendations from the AEMC's 2024 review into compensation frameworks. The AEMC has also made a draft determination on other proposals from AEMO's and Tilt's rule change requests.

1.2 HLIA document purpose

This High-Level Implementation Assessment has been produced as the first stage of AEMO's CF reform implementation process under the NEM Reform Program. It provides an indicative and preliminary view to participants on how the draft CF rule may be implemented by AEMO. It outlines the proposed system, data exchange, process and operational changes and the indicative timeline that would likely be required to give effect to the draft CF rule. This HLIA also provides a general assessment of what these changes may mean for NEM participants.

By publishing at an early stage in tandem with the AEMC's draft determination and inviting participant feedback, the HLIA is intended to:

- Assist and inform affected participants in developing their own implementation timelines and impact assessments.
- Enable AEMO and participants to plan for this initiative in the context of the broader implementation roadmap (NEM Reform Implementation Roadmap), specifically looking for bundling opportunities, efficient sequencing and to reduce delivery congestion.
- Enable stakeholders to provide input on the early implementation design and timeframes, including whether AEMO's HLIA is consistent with the CF draft rule.
- Provide a basis for stakeholders and AEMO to input into the AEMC's CF rule change process, including in relation to implementation timeframes.

This HLIA document does not pre-empt the outcomes of the AEMC's ongoing CF rule change process. It is intended to follow the CF draft determination as published by the AEMC. In the case of any inconsistency, the AEMC's CF draft rule and determination will prevail. There are some instances where the HLIA presents alternative implementation approaches to the AEMC's CF draft determination; in these cases, AEMO has explicitly described these details to support industry to comment on those features. AEMO will also provide further detail in its own submission to the AEMC process.

After the CF final rule is published, AEMO will revise the HLIA to reflect the final rule outcomes and may seek industry feedback before releasing the final HLIA.

1.3 Key dates

Table 1 Indicative CF rule and HLIA timeline

Activity	Timeline
AEMC CF Draft Rule and Determination published	Thu 09 Jul 2026
AEMO CF Draft HLIA v0.1 published	Thu 20 Aug 2026
AEMO Industry briefing on CF Draft HLIA	Tue 25 Aug 2026
Stakeholder submissions on AEMC's Draft Determination due	Thu 03 Sep 2026
AEMC CF Final Rule and Determination published	Thu 15 Oct 2026
AEMO CF Final HLIA v1.0 published	~ Nov 2026 TBC - dependent on final rule outcomes

1.4 Stakeholder engagement

The NEM Reform Program supports affected market participants in each reform phase from implementation design, procedures development, solution delivery and through to industry testing.

For more information:

- NEM Reform Forums
- NEM Reform Industry Status Report
- NEM Reform newsletter
- Contact us directly at NEMReform@aemo.com.au

2 Market design

The Improving compensation frameworks (CF) draft rule proposes changes to the compensation arrangements that apply when administered pricing, market suspension or AEMO directions affect the operation of the NEM. The changes are intended to improve the consistency, clarity and predictability of compensation outcomes, while maintaining appropriate incentives for participants to provide energy and other services during periods of system and market stress.

The CF draft rule has four major implementation components:

- **Changes to the calculation and assessment of compensation payments**, including a new methodology for preliminary compensation and greater alignment of compensable costs (such as direct costs and opportunity costs) across the three frameworks.
- **Changes to compensation cost recovery**, including more targeted allocation of administered pricing compensation costs and clarification of the intervals used to recover directions compensation.
- **Changes to governance and administration**, including an expanded role for AEMO in receiving and assessing administered price compensation claims, and more consistent arrangements generally for claims, supporting information and independent experts.
- **Other changes to clarify and consolidate the compensation frameworks**, including a new objective for directions compensation and the eventual consolidation of the compensation provisions in the NER.

Together, these changes move the three compensation frameworks towards a more consistent model while retaining differences where these reflect the purpose or operation of a particular framework. This section provides a high-level overview of the proposed market design. The following chapters provide AEMO's indicative and preliminary view of the implementation impacts for AEMO and NEM participants.

2.1 Calculation and assessment of compensation payments

The current compensation frameworks use different methodologies, cost categories and assessment approaches. The CF draft rule would align key elements of the frameworks so that **compensation payments** are assessed more consistently and better reflects the costs participants incur when responding to a market intervention.

Table 2 Summary of draft rule changes to the calculation and assessment of compensation payments

POLICY ISSUE	DRAFT RULE SUMMARY
Preliminary compensation for directions and market suspension	Replace existing preliminary compensation mechanisms with a 12-month volume-weighted average price (VWAP) by technology and region.
Compensable direct costs	Introduce a consistent list of direct costs across all compensation frameworks.
Opportunity costs	Allow opportunity costs to be claimed under all compensation frameworks.
Assessment of administered pricing compensation	Administered pricing compensation assessed per-unit and on a per-trading-interval basis.

2.2 Aligning and clarifying cost recovery

The draft rule proposes refinements to the **cost recovery** arrangements associated with administered pricing and directions compensation. These changes are intended to improve the accuracy, transparency and consistency of cost allocation by aligning cost recovery more closely with the circumstances that give rise to compensation claims.

Table 3 Summary of draft rule changes to cost recovery

POLICY ISSUE	DRAFT RULE SUMMARY
Administered pricing compensation cost recovery	Costs are allocated on a per-trading-interval basis, with additional clarity for when the Administered Price Cap (APC) binds in multiple regions
Directions compensation cost recovery	Directions compensation cost recovery based on all trading intervals with directions.

2.3 Streamlining governance and administration

The CF draft rule proposes changes to streamline the governance and administration of compensation claims across the administered pricing, directions and market suspension frameworks. These changes are intended to improve clarity, consistency and transparency by centralising key claim administration functions with AEMO, aligning claim thresholds, timeframes and information requirements, and refining the role of Independent Experts in the assessment process.

Table 4 Summary of draft rule changes to governance and administration

POLICY ISSUE	DRAFT RULE SUMMARY
Reception and assessment of claims	AEMO receives and assesses claims with support from an independent expert. New reporting obligation for AEMO to deliver a draft and a final compensation determination where claims assessments are **not** referred to an IE.
Minimum threshold for compensation claims	Apply a $10,000 threshold to all compensation claims.
Claim assessment costs	Claim assessment costs recovered from all cost-recovery market participants (CRMPs).
Opportunity costs	Expand compensation framework to allow recovery of opportunity costs across the three frameworks, assessed in accordance with the Compensation Guidelines.
Role and selection of the independent expert (IE)	AEMO refers all opportunity cost claims, complex claims, and claims above $50,000 to the IE. As per rule change request. In the case of objections, AEMO appoints a new IE from a panel of available and qualified IEs.
Time limit for claims	Draft rule introduces a consistent 60-day time limit to make claims to improve alignment across frameworks and allows additional time for claimants to assemble claims and associated information.
Information standards for claims	Introduce standards for supporting information for administered pricing compensation claims and harmonise frameworks.
Eligibility assessment	Remove specific requirements for an eligibility assessment as this forms part of the compensation assessment.
Eligibility assessment notification	AEMO to notify participants if they were not eligible for preliminary compensation.
Cost recovery reporting	Replace requirement for AEMO to estimate cost allocation by registered participant category with reporting cost recovery by Cost recovery market participants (CRMPs).

2.4 Other matters: Clarifying and consolidating the frameworks

The CF draft rule proposes targeted amendments to clarify and consolidate the compensation frameworks. These changes include introducing a formal objective for directions compensation and consolidating the compensation provisions into a single section of the NER, with the intent of simplifying the rules and making the frameworks easier for participants to navigate.

Table 5 Summary of other matters addressed in the draft rule

POLICY ISSUE	DRAFT RULE SUMMARY
Objective for compensation frameworks	Add a directions compensation objective for participants to be compensated for complying with directions
Consolidate the frameworks into a single section of the NER	Consolidates the compensation frameworks into one section of the NER. To simplify the NER and help participants navigate the compensation frameworks

2.5 Other matters: No implementation impact

The AEMC draft determination identifies two areas where no rule change is proposed: cost recovery for capacity directions and compensation for scheduling errors. As these matters are not progressed in the draft rule, AEMO does not expect them to create implementation impacts beyond the broader changes to the compensation frameworks described in this HLIA.

2.6 Staged commencement of the market design

The CF draft rule proposes staged commencement to reflect differences in implementation complexity and the dependencies between individual amendments.

Table 6 CF draft rule implementation schedules

DRAFT RULE SCHEDULE	AEMC-PROPOSED COMMENCEMENT DATE	KEY CHANGES
Schedule 4	29 October 2026	Transitional obligations support the development of required guidelines and implementation arrangements.
Schedule 1	15 July 2027	Changes that AEMC considers may commence immediately, including: • Introduction of the directions compensation objective into the NER • Alignment of claimable direct cost categories across each of the compensation frameworks established by an update to AEMC's compensation guidelines • Administered pricing compensation assessed on a per-unit and per-trading-interval basis. • Directions compensation cost recovery by AEMO based on all trading intervals in which directions apply. • CF draft rule clarifies that AEMO's directions compensation and RERT cost recovery reporting should align to the IESS rule's intent.[1]
Schedule 2	15 October 2027	Claims, assessment and governance changes, including: • Opportunity cost claims can be made by eligible participants across all three compensation frameworks in accordance with updated AEMC compensation guidelines • AEMO receives and assesses all claims, with referral to an independent expert in specified circumstances • A $10,000 minimum threshold for compensation claims applications • Supporting information standards for claims applied in accordance with updated AEMC compensation guidelines • Duplicative requirement for AEMO to conduct a separate eligibility assessment is removed • Revised independent expert referral, selection, objection and panel arrangements.
Schedule 3	15 October 2028	Changes requiring more substantial system capability, including: • AEMO applies VWAP-based preliminary compensation in accordance with updated NER requirements and new VWAP procedures • AEMO recovers administered pricing compensation on a trading-interval basis and from the applicable cost-recovery region or regions • AEMO cost recovers the administrative costs of assessing compensation claims from all relevant CRMPs, rather than charging those costs to claimants. • Market participants must submit all compensation claims and supporting information within 60 business days. AEMO updates its systems and processes to coordinate claim assessment aligned with the intervention settlement timetable • AEMO to notify participants if they were not eligible for preliminary compensation. • Compensation rules are consolidated in the NER.

The staged approach is intended to allow earlier implementation of changes that can be delivered through guidelines or process updates, while providing more time for changes that require new or materially enhanced AEMO systems. Some changes that may appear straightforward in isolation have been grouped with later stages because they depend on the broader claims, calculation or cost recovery framework being in place.

Note: Table 7 reflects the commencement dates proposed in the AEMC Draft Determination. AEMO's proposed variations to the CF draft rule commencement dates is discussed in section 7.2 and reflected in the implementation timelines presented in section 7.3.

[1] The National Electricity Amendment (Integrating energy storage systems into the NEM) Rule 2021 No. 13 (IESS rule) made fundamental changes to NEM non-energy cost recovery. The framework was amended to recover non-energy costs based on a participant's consumed and sent out energy over relevant intervals, irrespective of the participant category.

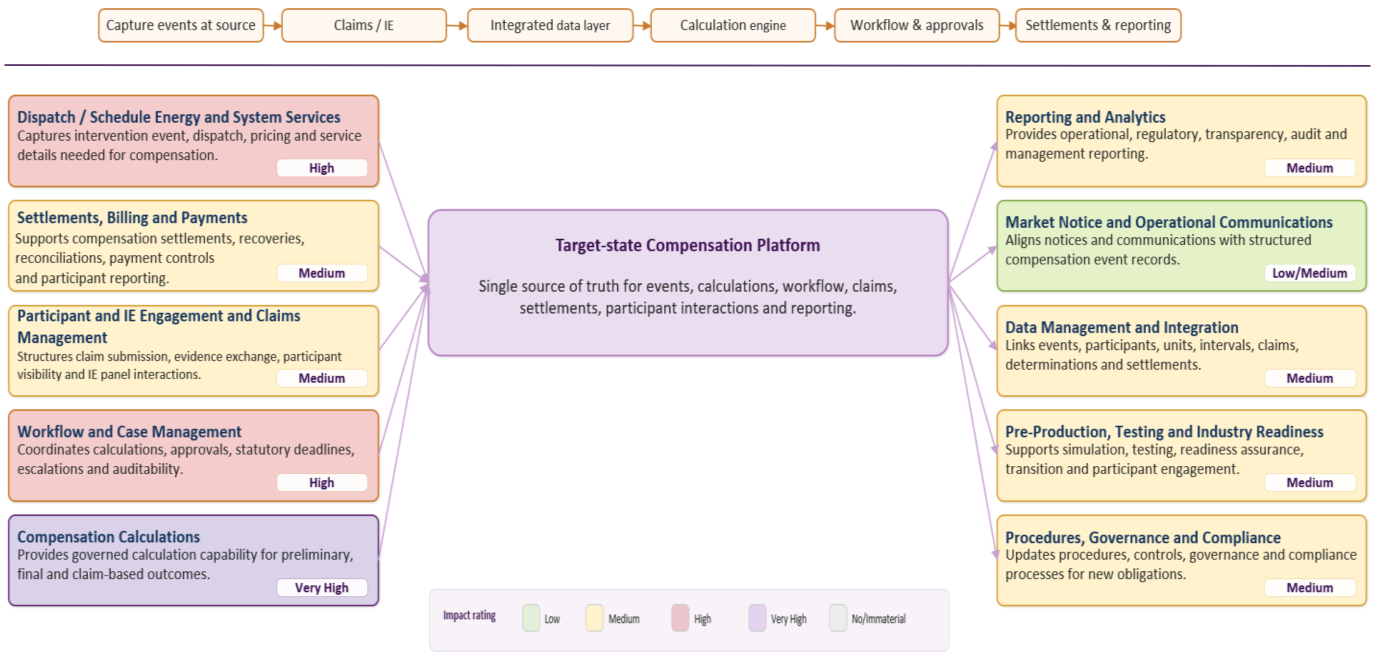
3 AEMO process impacts

This section maps the indicative impacts of the CF draft rule to AEMO's processes.

The impact ratings presented are intended to provide an indicative view of the relative implementation effort and organisational change that may be required across AEMO's functions to support the CF draft rule. The ratings reflect AEMO's current assessment and are provided to assist participants in understanding where the most significant implementation activities may occur.

Figure 1 shows the impact of the CF draft rule for key business areas (focus areas). Table 7 then lists these focus areas alongside descriptions of each CF draft rule impact.

Figure 1. Capability impacts from the CF draft rule on AEMO focus areas



Readout

Material impacts concentrate around compensation calculations, event capture, workflow/case management and claims administration. Medium impacts flow through settlements, data, reporting, procedures, readiness and participant/IE engagement.

Table 7 Tabular view of focus area impacts from the CF draft rule

FOCUS AREA	IMPACT	IMPACT DESCRIPTION
Dispatch / Schedule Energy and System Services	High	**Calculation and assessment of compensation payments** • Operational intervention events (including directions, intervention pricing events, administered pricing periods, market suspension events and future intervention types) will require the capture and management of detailed event, pricing and dispatch information. This includes commencement and cessation intervals, affected periods, intervention characteristics, directed participant and service details (including energy import/export and FCAS services where applicable), pricing outcomes, dispatch impacts and other compensation-relevant data required to support settlements, reporting, compliance and audit processes. **Streamlining governance and administration** • Existing capabilities will be uplifted and standardised to establish a single source of truth for intervention events supporting compensation, settlements, claims, reporting and compliance processes. • Operational procedures, controls and contingency arrangements require review and amendment to support uplifted and standardised event initiation, management and closure.
Settlements, Billing and Payments	Medium	**Calculation and assessment of compensation payments** **Aligning and clarifying cost recovery** • Compensation and cost recovery reforms will require changes to settlement administration, reconciliation and reporting processes to support revised preliminary compensation and cost recovery methodologies and compensation outcomes. • To accommodate the proposed 60-day claim time limit, existing intervention settlement processes may require enhancement to support compensation assessments and recoveries that extend beyond current settlement revision timeframes. • Additional participant reporting, invoice management and financial controls may be required to support transparency and auditability of compensation recoveries. • Additional data exchanges, reconciliation activities, reporting processes and payment controls may be required to support new compensation obligations and statutory timeframes.
Participant and Independent Expert Engagement and Claims Management	Medium	**Streamlining governance and administration** • Participant and independent expert (IE) will require increased visibility of compensation events, eligibility outcomes, claim status, determinations and payment information. • IE panel engagement and administration processes will require uplift aligned with new AEMC compensation guidelines. • Existing compensation interactions may transition towards more structured and transparent engagement processes supporting claim submission, evidence management, notifications, workflow visibility and independent expert activities. • Standardisation of participant/IE interactions require updates to operational processes, procedures and supporting systems.
Case Management	High	**Streamlining governance and administration** • Compensation processing will require uplifted workflow management across event initiation, validation, calculation, approvals, settlements, claims and independent expert activities to support consistent, transparent and auditable outcomes. • Uplifted capabilities required to support task allocation, escalation management, approval processes, statutory deadlines and compliance obligations. Particularly in relation to new 60-day time limit to make claims. • Operating model and governance changes across multiple business functions
Compensation Calculations	Very High	**Calculation and assessment of compensation payments** • Preliminary compensation and compensation calculations will require a governed calculation capability that supports consistent, transparent and auditable outcomes across compensation assessments, claims and determinations • New capabilities will be required to support rule-based preliminary compensation and compensation calculations , evolving methodologies, eligibility assessments, recalculation activities, audit requirements and future rule changes. **Streamlining governance and administration** • Calculation transparency, repeatability and governance requirements are expected to introduce impacts across operational, settlement and compliance functions.
Reporting and Analytics	Medium	**Streamlining governance and administration** • Uplift and standardise reporting capabilities including for operational visibility, regulatory reporting and audit support.

FOCUS AREA	IMPACT	IMPACT DESCRIPTION
Market Notice and Operational Communications	Low/Medium	**Streamlining governance and administration** • Existing market notices and operational communications continue to provide regulatory and market transparency functions; however, compensation-related information may increasingly be derived from structured event records and supporting systems, reducing reliance on operational communications as a primary source of compensation evidence. • Procedures, communication processes and supporting systems require amendment to support alignment between operational communications and compensation processes.
Data Management and Integration	Medium	**Streamlining governance and administration** • New compensation arrangements will require integration of operational event data, settlement outcomes, registration information, market notices, claims information, determinations and reporting artefacts. • Additional integration requirements are expected across operational, market and corporate systems. **Calculation and assessment of compensation payments** • A centralised compensation data model required to support traceability, auditability, historical record management and future scalability.
Pre-Production, Testing and Industry Readiness	Medium	**Calculation and assessment of compensation payments** • New compensation capabilities may require enhanced testing approaches, including support for simulation of intervention events, compensation calculations, participant interactions and claims processing. **Staged commencement of the market design** • Additional readiness, assurance and industry engagement activities required to support implementation, rule commencement and future compensation framework changes. • Parallel run capability may be required during transition periods to validate new outcomes against existing processes.
Procedures, Governance and Compliance	Medium	**Streamlining governance and administration** • Existing procedures (see also section 4), methodologies, work instructions, governance arrangements and compliance controls require review and amendment to support new compensation obligations. • Additional governance processes required for eligibility assessments, compensation determinations, claim decisions, independent expert engagement, approvals, audit requirements and regulatory reporting. • Extended claim and assessment timeframes may impact prudential monitoring, participant suspension and market exit processes where compensation obligations remain unresolved. • Existing intervention settlement timetables and governance controls may require review to align with harmonised compensation claims and assessment processes.

4 AEMO procedure impacts

This section indicates the high-level impact to AEMO's procedures and guidelines from the CF draft rule.

The CF draft rule aims to simplify and align the compensation frameworks by introducing more consistent calculation methodologies, governance arrangements and cost recovery processes, while centralising compensation administration and improving transparency, efficiency and participant confidence during market stress events.

Table 8 lists AEMO's current procedures and documents that would likely need updating to accommodate the CF draft rule.

Table 8 Current relevant AEMO procedures & changes

TYPE OF PROCEDURE	EFFORT	CHANGE
Guide to the Market Suspension Pricing Schedule (MSPS)	No impact	**Schedule 2 & 3:** • No material changes identified. The guide relates to MSPS calculation, links to Market Suspension Compensation Methodology will require an update.
Guide to Intervention Pricing	Medium	**Schedule 2:** • Increase claim threshold from $5,000 to $10,000 • Add opportunity cost claims
Confidentiality Deed for Independent Expert	High	**Schedule 2:** • Add IE to assess all opportunity cost claims, complex claims, and claims above $50,000 referred by AEMO • Include how AEMO selects Independent Expert and publish panel member on AEMO website (Schedule 2 clause 3.12.3(a0)) • IE to reference the opportunity cost guidelines when assessing opportunity costs
Methodology for AEMO Intervention Event Compensation	No Impact	• May need minor updates for new rule clause references
Regional Benefit Directions Procedure	Low	**Schedule 1:** • Update for correction in cost recovery rules reference to intervention *price* trading intervals (3.15.8)
Intervention Settlement Timetable	High	**Schedule 2:** • Introduce administered pricing calendar **Schedule 3:** • Rule clause review • Update timing of claims closure (42 or 60 business days)
SO_OP_3704 Pre-dispatch	No impact	• No impact identified. This document describes pre-dispatch and does not contain how compensation is assessed or settled.
SO_OP_3705 Dispatch	No impact	• No impact identified. The document focuses on intervention pricing and dispatch processes, not compensation assessments or settlement.
SO_OP_3706 – Market Suspension and Systems Failure	No impact	• No impact identified. This procedure focuses on market suspension and system failure processes rather than compensation assessment or settlement.
SO_OP_3707 - Procedures for Issue of Directions and Clause 4.8.9 Instructions	Low	**Schedule 3:** • Rule clause review

Public

In implementing the CF draft rule, AEMO will need to develop operational documentation to support new obligations to:

- Assess APC claims
- Introduce the VWAP preliminary compensation calculation methodology.

Table 9 sets out the new procedures required to implement the transfer of APC obligations from AEMC to AEMO and the new VWAP preliminary compensation calculation methodology.

Table 9 Proposed new AEMO procedures, standards or reports

TYPE OF PROCEDURE	EFFORT	CHANGE
Methodology for Administered Pricing Compensation	High	**Stage 2:** • Administered pricing compensation assessed per-unit and on a per-trading-interval basis AEMO will assess Administered Pricing Compensation claims from 15 October 2027 • Add a minimum $10,000 threshold • Add 60 business day limit for making APC claims
Methodology for Directions and Market Suspension	High	**Schedule 3:** • Update to introduce the VWAP methodology as the preliminary compensation calculation for directions and market suspension compensation • Add 42 business day limit for making a claim

AEMO will make available a single public information source covering directions, market suspension and APC frameworks, with references to the calculations of these claims in separate documents.

AEMO will look for opportunities to prioritise and/or bundle procedure consultations, including discussion of critical path consultations that may have dependencies with AEMO's and industry's development and testing.

5 AEMO system impacts

This section focusses on the system impacts associated with the CF draft rule.

Whilst AEMO does have existing processes and a system to manage compensation claims, the system is not maintainable and requires significant manual intervention. The additional requirements placed on AEMO as part of the CF draft rule make the use of this system and processes infeasible due to unacceptable operational impacts and risk arising from potential errors. Furthermore, the scale and pace of the energy transition are increasing the complexity of AEMO directions types, making manual interventions progressively more challenging.

AEMO therefore proposes to introduce a structured, immutable data capture of compensation-related events (e.g. directions), and an uplifted calculation engine that can leverage this datastore as inputs to calculate requisite compensation frameworks.

The target state is intended to improve transparency, consistency and scalability across compensation frameworks while supporting future reform requirements. The target state system capabilities would include:

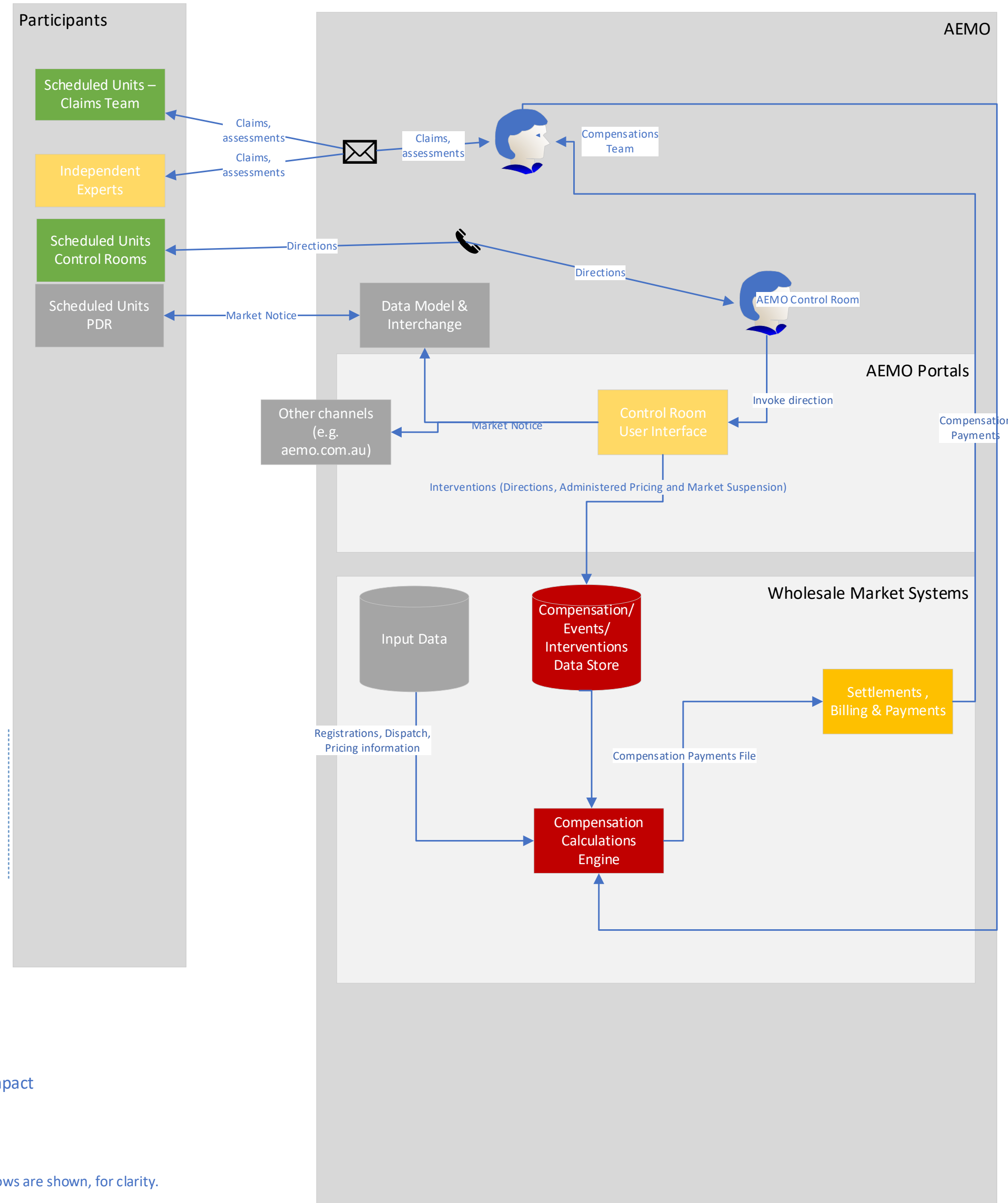
- Structured management of compensation-triggering events, establishing a single source of truth for compensation information across all three compensation frameworks
- Core compensation calculation, that is maintainable and supportable
- Integrated compensation data and reporting capabilities
- Settlement and reporting services supporting compensation payments and cost recovery
- End-to-end traceability and auditability across the compensation lifecycle.

Figure 2 shows the impact of the CF draft rule to relevant AEMO systems and data exchange based on this target state approach. Table 10 then provides a description of each CF draft rule system impact.

The impacts in the figure and table consider both compensation payment administration and cost recovery obligations introduced by the CF draft rule. Where relevant, capability descriptions identify impacts relating to compensation payments, cost recovery, or both.

The examples below are illustrative only and are intended to inform impact assessment rather than prescribe a final solution design.

Figure 2. System and data exchange overview



Legend:
- No/Immaterial Impact
- Low Impact
- Medium Impact
- High Impact

Note: Not all existing flows are shown, for clarity.

Table 10 Tabular view of system impacts from CF draft rule

AEMO SYSTEM	SUMMARY
High System Impact	
Compensation Calculation Engine	**A new compensation calculation capability will be required to support preliminary compensation, final compensation, claim assessments and future compensation methodologies.** The capability would provide a centralised, configurable and auditable framework supporting compensation payments and cost recovery processes. Potential capabilities include: • Rule-based compensation calculations. • Configurable methodologies, thresholds and eligibility criteria. • Integration of operational, pricing, dispatch, registration and settlement data. • Recalculation and revision processing; validation and exception management. • Scenario modelling and impact assessment. • Automated publication of compensation outcomes.
Compensation Data Store	**A centralised compensation data capability as a natural extension to AEMO existing data store will be required to support storage, management and traceability of compensation-related information across the compensation lifecycle.** The capability would establish an integrated data model linking operational events, participants, calculations, claims, determinations, settlements and reporting outcomes, supporting consistent and auditable compensation administration. Potential capabilities include: • Establish a common and standardised compensation centric attribute schema. • Maintain a single source of compensation information across events, participants, calculations, claims and settlements. • Establish linkage between event → unit → interval → settlement and compensation outcomes. Support integration of operational, registration, market, settlement and compensation data sources.
Moderate System Impact	
Initiating Events (internal portal)	**A structured event management capability will be required to support compensation-triggering events, including directions, administered pricing periods, market suspensions and future intervention event types.** The capability would provide a consistent source of event information supporting compensation, settlements, claims, reporting and participant services. Potential capabilities include: • Structured capture and management of intervention events • Standardised event records and attributes • Integration across compensation, settlement and reporting processes • Exception management and support for future event types.
Settlements Engine	**A reporting and analytics capability will be required to support operational, regulatory and management reporting across compensation processes.** The capability would provide visibility of **compensation payment and cost recovery outcomes**. The CF draft rule 60-day time limit for submitting claims results in impacts to settlement administration, reconciliation, financial governance and compensation recovery processes, particularly where compensation activities extend beyond existing settlement revision windows. If the 60-day limit is retained for the CF final rule, then the materiality of Settlements changes increases from medium to high. Potential capabilities include: • Compensation payment and cost recovery reporting. • Operational, regulatory and management dashboards. • Analysis of compensation volumes, participant outcomes and recovery allocations. • Traceability and reconciliation of compensation and cost recovery outcomes. • Support for future reporting requirements. Subject to consultation, compensation information may be made available through existing participant information services.
No/Immaterial System Impact	
Existing Billing & Prudential Outputs	**Existing billing and prudential reporting processes are expected to remain largely unchanged, although enhancements may be required to support compensation-related reporting, reconciliation, cost recovery transparency and financial governance.** Further assessment is required to determine whether changes to participant-facing billing, prudential or settlement outputs are necessary to support the final rule.

6 Participant impact assessment and readiness considerations

This section provides AEMO's high-level view of potential participant impacts from the CF draft rule. AEMO recommends that each participant complete its own detailed impact analysis, as the scale and nature of impacts will depend on each participant's exposure to directions, market suspension and administered pricing compensation and associated cost recovery arrangements.

This chapter also provides an indicative view of readiness requirements and activities for participants including visibility of implementation impacts, procedural changes, supporting systems and transition arrangements ahead of each commencement phase.

6.1 Participant impact assessment

Table 11 considers direct impacts to participants, as well as flow-on impacts associated with changes AEMO may be required to make to its processes, procedures and systems.

Table 11 Indicative participant impacts from the Improving compensation frameworks draft rule

STAKEHOLDER TYPE	INDICATIVE HIGH-LEVEL IMPACT	COMMENT
Integrated resource provider **Market generator** **Market customer** **Demand response service provider**	• High for participants that may seek compensation • Low to medium for **Cost recovery market participants**.	**Please see Table 12 for more detail on indicative impacts to these market participants** • **Integrated resource providers, market generators**, **market customers** and **DRSPs** seeking compensation may need to adapt to: – More consistent claim processes – Updated minimum threshold for claims – Updated time limits for lodging claims – Changes to preliminary compensation calculations – Changes to supporting information requirements and assessment pathways – Expanded opportunity cost claims across compensation frameworks. • **Cost recovery market participants** (comprising of integrated resource providers, market generators and market customers) should assess any impacts to settlement reconciliation from the CF draft rule requiring that AEMO cost recovers the administrative costs of assessing compensation claims from all relevant CRMPs, rather than charging those costs to claimants. – Note that in consultation with industry, AEMO may consider separating the current market suspension and directions reconciliation table into two tables.
Distribution/Transmission Network Service Providers	• No impact expected for existing NSPs. • High impact for future Market Network Service Providers that may seek compensation in relation to a scheduled network service.	• Market Network Service Providers may be entitled to claim compensation in relation to a scheduled network service. However, there are no Market NSPs currently registered in the NEM, only regulated NSPs.
Independent experts	High impact for independent experts receiving claims from affected stakeholders.	**Please see Table 12 for more detail on indicative impacts to these market participants** Independent Experts will need to adapt to: • Updated AEMC compensation guidelines • Updated AEMO IE panel engagement processes

		• AEMO referring all opportunity cost claims, complex or difficult claims and claims above $50,000 to an IE.
Metering providers	No impact expected	• The draft compensation framework changes do not appear to introduce new direct obligations for metering providers.
Metering data providers	No impact expected	• No material change to metering data processes is currently expected. • Participants may need to ensure compensation-related evidence can be supported where metering data is relevant to a claim.
Embedded network managers	No impact expected	• No direct impact is currently expected for embedded network managers.
Market stand-alone power system resource providers	No impact expected	• No direct impact is expected for Market SAPS resource providers as SAPS are not connected to the NEM.

Table 12 sets out more detailed indicative impacts to participants' capabilities across each draft rule commencement schedule, identifying likely affected stakeholders and the indicative level of change.

Table 12 Indicative impacts on stakeholder capabilities by draft rule commencement schedule

DRAFT RULE MARKET DESIGN CHANGE	INDICATIVE AFFECTED STAKEHOLDER TYPE	STAKEHOLDER CAPABILITY AREA	INDICATIVE IMPACT	INDICATIVE STAKEHOLDER CHANGE
SCHEDULE 4: COMMENCEMENT 29 OCTOBER 2026				
Transitional obligations supporting guidelines, procedures and implementation arrangements	• Potential claimants* • CRMPs** • IEs	Governance, procedures and readiness	Medium	• Monitor or participate in: – AEMC consultation on Compensation Guidelines – AEMO implementation activities
Transitional treatment of existing events and claims	Participants with existing or potential claims	Governance, procedures and readiness	Medium	• Identify compensation events or claims that may span commencement boundaries and understand which rules, guidelines and processes apply.
SCHEDULE 1: COMMENCEMENT 15 JULY 2027				
Directions compensation objective	Potential claimants	Governance, procedures and readiness	Immaterial	• Consider whether updates to business processes are needed.
Aligned claimable direct-cost categories	Potential claimants	Evidence, records and internal approvals	Medium	• Monitor or participate in: – AEMC consultation on Compensation Guidelines – AEMO implementation activities • Align cost capture, records and internal claim approval processes with the updated direct-cost categories.
Administered pricing compensation assessed per unit and per trading interval	Potential claimants	Compensation calculation and outcome	Low	Assess compensation exposure and outcomes at unit and trading-interval level.
Directions compensation cost recovery based on all intervention trading intervals	CRMPs	Settlement, cost recovery and reconciliation	Immaterial	No impact expected to AEMO or participants. NER change reflects AEMO's current cost recovery practise, aligned with the intent of the IESS rule.
Directions and RERT cost-recovery reporting	CRMPs	Settlement, cost recovery and reconciliation	No impact	No impact expected to AEMO or participants. NER change reflects AEMO's current reporting practise, in alignment with the IESS rule's intent.
SCHEDULE 2: COMMENCEMENT 15 OCTOBER 2027				
Opportunity costs claimable across all frameworks	Potential claimants	Claim preparation and submission.	High	Aligned with the AEMC's updated Compensation Guidelines, establish processes for identifying, valuing, approving

DRAFT RULE MARKET DESIGN CHANGE	INDICATIVE AFFECTED STAKEHOLDER TYPE	STAKEHOLDER CAPABILITY AREA	INDICATIVE IMPACT	INDICATIVE STAKEHOLDER CHANGE
		Evidence, records and internal approvals.		and submitting opportunity-cost claims across directions, market suspension and administered pricing compensation.
AEMO receives and assesses all compensation claims	Potential claimants	Claim preparation and submission	Low	Submit APC claims to AEMO rather than the AEMC, aligned with AEMO's compensation claim processes.
$10,000 minimum claim threshold	Potential claimants	Compensation event identification and eligibility	Immaterial	Adapt claim-value check to new minimum threshold.
Aligned supporting information standards	Potential claimants	Evidence, records and internal approvals	Low	Standardise claim evidence across the three compensation frameworks.
Removal of the separate eligibility assessment requirement	Potential claimants	Compensation event identification and eligibility	No impact	AEMO process change, no participant impact expected.
Revised Independent Expert arrangements	• Potential claimants • IEs	Claim preparation and submission	Low	Adapt processes to: • Support referral of relevant claims to an IE, noting updated referral pathways for claims: – Seeking opportunity costs – With expected compensation above $50,000 – That are complex. • Respond to requests for information • Manage any objection to the appointed expert.
SCHEDULE 3: COMMENCEMENT 15 OCTOBER 2028				
VWAP-based preliminary compensation	Participants eligible for preliminary compensation	Compensation event identification and eligibility. Compensation calculation and outcome validation.	Very high	• Monitor or participate in AEMO's VWAP procedure consultation. • Update processes and systems to adapt to new VWAP approach to calculating preliminary compensation for directions and market suspension compensation.
More targeted administered pricing compensation cost recovery	CRMPs	Settlement, cost recovery and reconciliation	Medium	Assess any impacts to settlement reconciliation from the CF draft rule requiring that AEMO cost recovers the administrative costs of assessing compensation claims from all relevant CRMPs, rather than charging those costs to claimants. • Note that in consultation with industry, AEMO may consider separating the current market suspension and directions reconciliation table into two tables.
Recovery of claim-assessment costs from CRMPs				
Consistent 60-business-day claim submission limit	Potential claimants	Claim preparation and submission	Medium	Adapt internal processes so claims and supporting information can be submitted within 60 business days.

*Potential claimants can be market generators, market customers, integrated resource providers and DRSPs.
** Cost recovery market participants comprise of integrated resource providers, market generators and market customers.

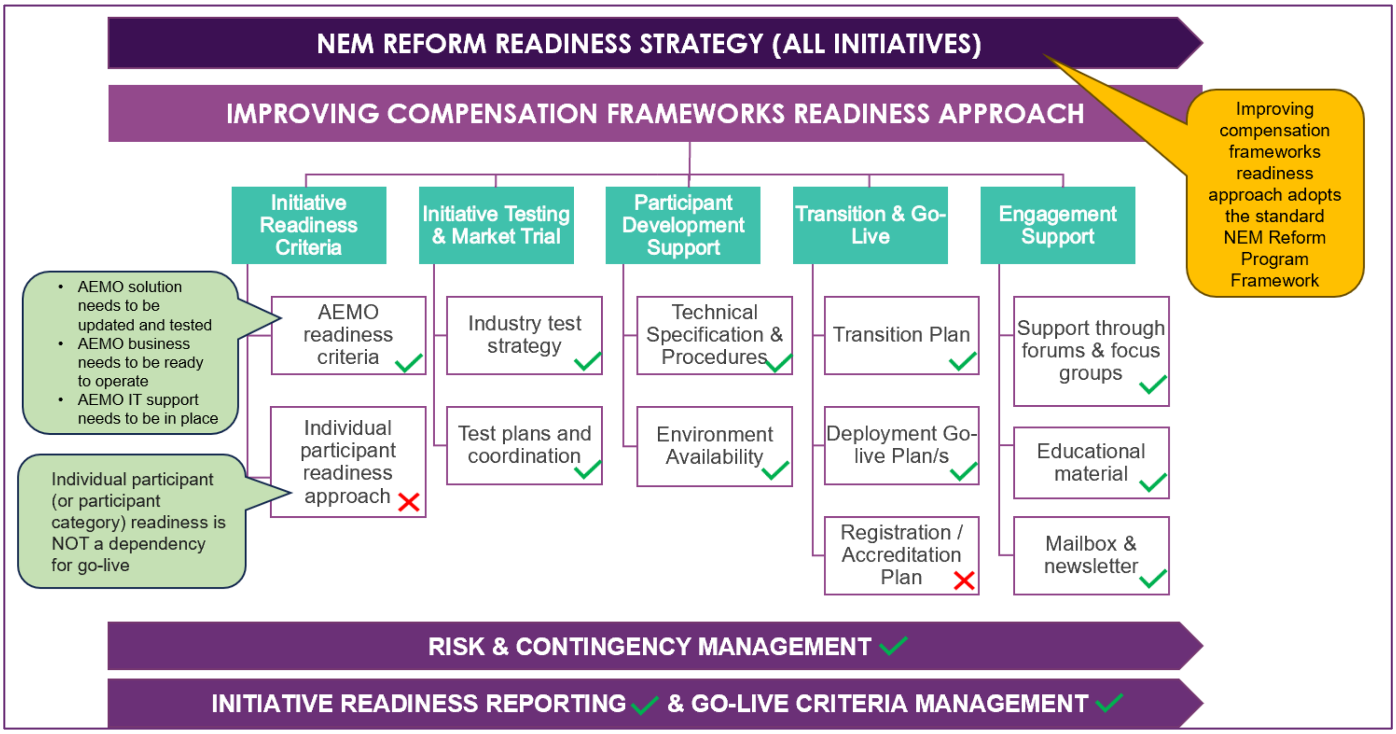
6.2 Indicative industry readiness approach

This section provides AEMO's preliminary view of industry readiness for the CF reform. The readiness approach, testing scope, transition and go-live criteria and stakeholder support activities will be refined through detailed implementation planning, solution design and consultation following publication of the final rule.

Readiness activities are intended to provide participants, Independent Experts and AEMO with sufficient visibility of implementation impacts, procedural changes, supporting systems and transition arrangements ahead of each commencement phase.

Figure 3 sets out the indicative industry readiness approach for the CF draft rule, including the participant readiness elements proposed to be supported as part of implementation.

Figure 3. Indicative industry readiness approach



Key:
The green tick is an inclusion for participant readiness
The red cross is an exclusion for participant readiness

7 Implementation pathway

This section outlines an indicative implementation pathway and the associated risks for the CF reform for discussion with industry and the AEMC. The pathway considers the implementation impacts to participants and AEMO described in earlier sections, and key milestones proposed in the draft CF rule.

7.1 Key delivery considerations

Consistent with industry feedback on prior NEM reforms, AEMO considers that implementation timeframes should provide sufficient opportunity for consultation, delivery, testing and readiness activities across both AEMO and affected participants.

AEMO’s indicative CF implementation approach is expected to broadly align to the staged commencement approach of the draft CF rule, with delivery activities sequenced to progressively establish the business, procedural, system, testing and industry readiness capabilities required (as relevant) for each rule commencement phase.

AEMO's preliminary view is that the staged implementation model proposed by the draft CF rule provides a practical approach to progressively implement compensation framework reforms while balancing regulatory complexity, delivery risk and stakeholder readiness. However, our assessment indicates that:

- Some items may be moved between stages based upon our assessment of whether they require process/governance of system changes.
- Some elements of the reform, particularly system changes, will need a longer implementation timeframe.

Table 13 sets out AEMO’s assessment of the CF reform implementation timeframes.

Table 13 AEMO HLIA assessment of CF reform implementation timeframes

<table>
<tr><th rowspan="2">Policy area</th><th colspan="2">AEMC Assessment</th><th colspan="2">AEMO Assessment</th></tr>
<tr><th>Assessment</th><th>Sch.</th><th>Assessment</th><th>Achievable by Schedule date?</th></tr>
<tr><td>Introduce an objective for directions compensation</td><td>This does not require any system or process updates and can be implemented as soon as possible</td><td>1</td><td>Business process or document update expected.</td><td>Yes</td></tr>
<tr><td>Align claimable direct costs across frameworks</td><td>Only requires an update to the compensation guidelines</td><td>1</td><td>Low impact procedure and guidance updates and medium impact business process updates.</td><td>No. Additional implementation time needed to accommodate dependency on AEMC compensation guidelines and update procedures and processes.
Recommend aligning with AEMO’s proposed stage 1 “foundations” commencement.</td></tr>
<tr><td>Clarify and make more targeted compensation for administered pricing</td><td>This can be implemented in advance of other substantive changes</td><td rowspan="3">1</td><td rowspan="3">Agree</td><td rowspan="3">Yes</td></tr>
<tr><td>Changes to cost-recovery for directions compensation to include all intervention trading intervals</td><td>This is a minor implementation issue for AEMO</td></tr>
<tr><td>Changes to cost recovery reporting for directions compensation and RERT</td><td>This aligns with the existing IESS rule and can be implemented in advance of other substantive changes</td></tr>
<tr><td>Allow opportunity costs to be claimed across frameworks</td><td>Updates required to AEMO’s processes for assessing claims and referring claims to an IE, as well as compensation guidelines and information standards</td><td>2</td><td>Medium to high impact for AEMO’s processes.</td><td>No. Additional implementation time needed to:
Accommodate dependency on compensation guidelines
Update processes
Establish IE panel
Develop transition activities.
Recommend aligning with AEMO’s proposed stage 1 “foundations” commencement.</td></tr>
<tr><td>AEMO to receive and assess all claims</td><td>This requires process changes from AEMO</td><td>2</td><td>Medium impact to AEMO’s processes.</td><td>No. Additional implementation time needed to:
Update processes
Develop transition activities.</td></tr>
<tr><td>Increase the minimum threshold for claims to $10,000</td><td>This requires process changes from AEMO</td><td>2</td><td>Minimal impact to AEMO’s processes and systems</td><td>Yes. Also able to move timing forward to Schedule 1.</td></tr>
<tr><td>Changes to the role and selection of the independent expert</td><td>This requires process changes from AEMO, and is contingent on guideline updates</td><td>2</td><td>Medium to high impact for AEMO’s processes.</td><td>No. Need additional time to:
Accommodate dependency on compensation guidelines
Update processes
Develop transition activities.</td></tr>
</table>

Policy area	AEMC Assessment		AEMO Assessment	
	Assessment	Sch.	Assessment	Achievable by Schedule date?
Align supporting information standards	This requires process updates from AEMO and is necessary for opportunity cost claims	2	Agree	Yes
Remove the duplicative rule requiring AEMO to conduct an eligibility assessment	This requires process changes from AEMO	2	Agree	Yes
Use a VWAP for preliminary compensation	This requires AEMO to update their systems	3	Very high impacts to systems, relevant processes and procedures.	No. Additional implementation time needed to update AEMO's processes, procedures and systems, and participant implementation and testing.
Clarify and make more targeted cost recovery for administered pricing compensation	This requires system updates from AEMO	3	High impacts to systems and medium impact to relevant processes.	No. Additional implementation time needed to update AEMO's processes, procedures and systems, and participant implementation and testing.
Recovery of costs of assessing claims	This requires system updates from AEMO	3	Medium impacts to systems and relevant processes.	No. Additional implementation time needed to update AEMO's processes, procedures and systems, and participant implementation and testing.
Align the time limit for claims at 60 days	This requires system updates from AEMO, this is contingent on changes to supporting information standards	3	High impacts to systems, relevant processes and procedures.	No. Additional implementation time needed to update AEMO's processes, procedures and systems, and participant implementation and testing.

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7.2 Proposed variation to commencement dates

Generally, AEMO proposes revised commencement dates for Schedule 2 and Schedule 3 of the draft CF rule, while retaining the existing commencement dates for Schedules 1 and 4. These dates are set out in Table 14, noting there are a few exceptions to this approach:

- Providing AEMO additional time to align claimable direct costs across frameworks. This is currently associated with Schedule 1 commencement, but its timing would shift to align with the updated IE panel implementation (AEMO's proposed stage 1 "foundations" commencement).
- Two 'schedule 2' items can be delivered by the draft Schedule 2 commencement date. These are: "Aligning supporting information standards" and "Removing the duplicative rule requiring AEMO to conduct an eligibility assessment".
- Increasing the minimum threshold for claims to $10,000 is a straightforward change and could be brought forward to Schedule 1.

AEMO highly recommends that both Schedule 2 and Schedule 3 commencement dates fall on a Sunday to align with the start of the NEM settlement billing week. Commencing on any other day of the week would require complex transition arrangements for each stage, which would increase implementation complexity and costs. AEMO's proposed date variations in Table 14 reflect this recommendation.

In AEMO's view, its proposed rule commencement dates would provide sufficient time for detailed design, delivery, testing and industry readiness activities which reduces implementation risk and supports an orderly transition to the improved compensation frameworks.

Table 14 AEMO's proposed date variations

AEMO implementation stage	Draft rule schedule	High level description	Draft rule commencement	AEMO proposed variation
n/a	Schedule 4	Transitional obligations support the development of required guidelines and implementation arrangements.	TBC October 2026	No change
Stage 1	Schedule 1	AEMC updates the compensation guidelines.	Thursday 15 July 2027	No change
Stage 1	Schedule 1	AEMO establishes refreshed IE panel and updates processes for direct costs.	Thursday 15 July 2027	Wednesday 1 December 2027
Stage 2	Schedule 2	AEMO updates processes and governance arrangements.	Friday 15 October 2027	Sunday 2 July 2028
Stage 3	Schedule 3	AEMO updates systems Compensation arrangements consolidated and simplified.	Sunday 15 October 2028	Sunday 3 June 2029

7.3 Indicative AEMO implementation timeline

The proposed CF reform implementation pathway would commence with mobilisation and transitional activities following the final CF rule, including detailed design, procedure and guideline impact assessment, stakeholder engagement and implementation planning. Subsequent delivery stages would progressively introduce foundation capabilities, claims and assessment process changes, and the target-state compensation calculation, workflow, reporting and cost recovery capabilities required to support the end-state compensation framework.

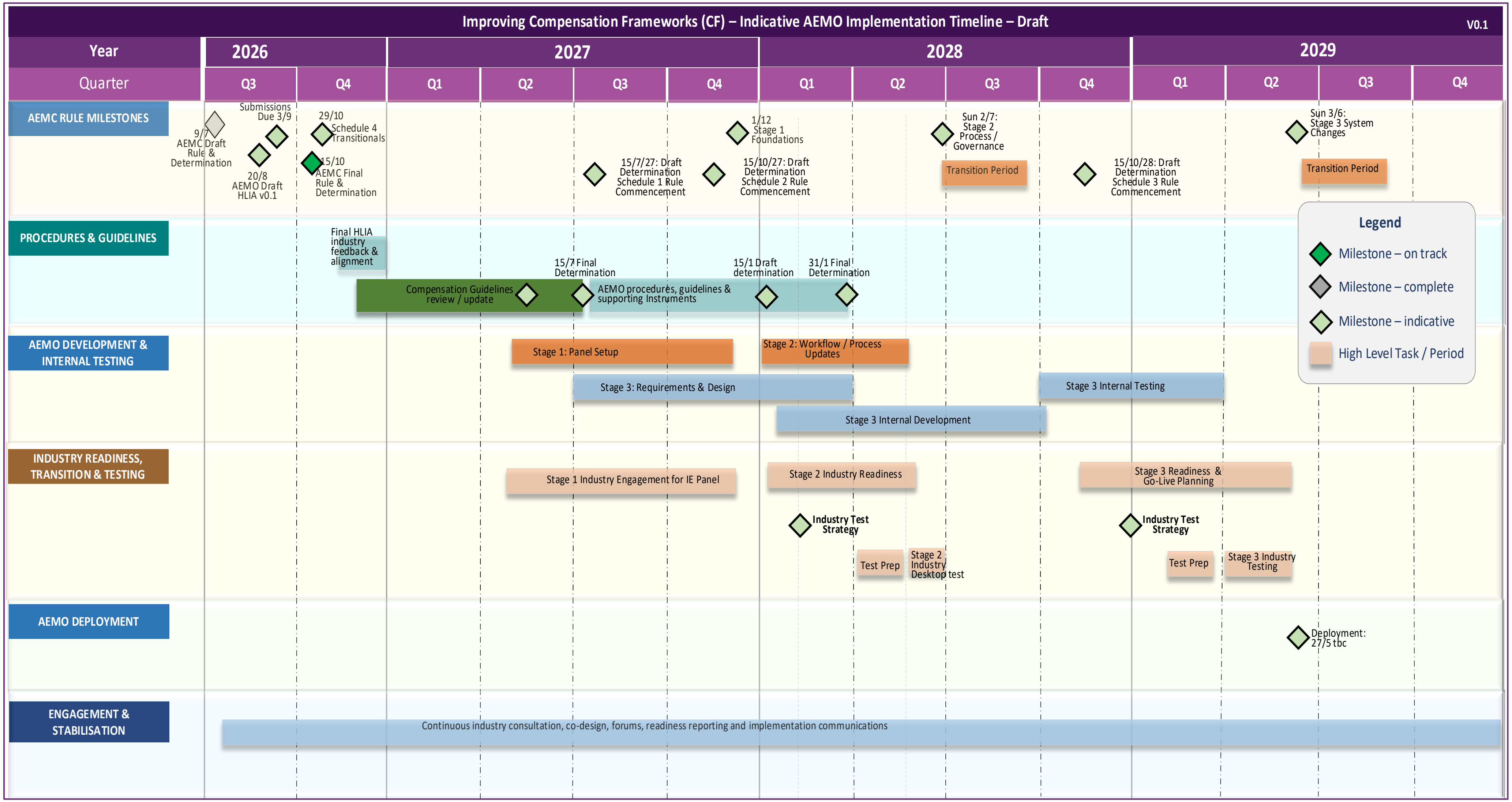
AEMO has aligned delivery dates to our twice-yearly release schedule, which reduces environment costs and delivery complexity. Figure 4 shows the indicative CF reform implementation pathway based on these delivery considerations and recommended rule commencement dates.

The indicative AEMO implementation timeline is intended to show how AEMO may sequence delivery activities against the draft CF rule commencement dates, rather than prescribe a final delivery plan. Detailed implementation phases, system release dates, consultation milestones, testing windows and go-live activities will be refined through subsequent planning, detailed design and engagement with industry.

AEMO would expect to confirm readiness activities, testing scope, go-live criteria and stakeholder engagement arrangements as implementation planning matures.

The timeline is intended to provide an indicative sequencing view of AEMO implementation activities against the draft rule commencement phases. It distinguishes rule milestones from the supporting delivery, consultation, readiness, testing and transition activities that may be required to support progressive implementation of the compensation framework reform.

Figure 4. Indicative AEMO implementation timeline (including proposed variation to commencement dates)



Public

7.4 Risks and implementation considerations

There are a range of implementation risks and considerations associated with delivery of the compensation framework reforms, including the scale of procedural, operational and system changes required across AEMO, participants and Independent Experts.

As implementation planning progresses, AEMO expects to further assess these risks and refine delivery sequencing, readiness activities, testing approaches and transition arrangements. The considerations outlined below represent AEMO's preliminary view based on the draft rule and current understanding of implementation impacts.

Table 15 Initial assessment of CF implementation risks and considerations

IDENTIFIED RISK	RATING	INITIAL ASSESSMENT	POTENTIAL MITIGATION CONSIDERATIONS
Alignment with broader NEM Reform delivery portfolio	High	The implementation timeframe overlaps with other reform and technology initiatives that may compete for business, technology and industry resources.	Integrated planning through NEM Reform governance processes and revised commencement dates that better align delivery activities with available industry and technology capacity.
Technology delivery and integration complexity	Medium	Delivery of uplifted and standardised compensation calculations, reporting, settlement integration and supporting data capabilities may require coordination across multiple business and technology domains. Final rule outcomes relating to compensation assessment timeframes, settlement recovery windows and cost recovery approaches may introduce broader impacts to settlement administration, participant reconciliation and operational processes than currently understood.	Progressive delivery, phased implementation, design assurance activities and alignment to existing platforms and services where practical.
Claims administration and Independent Expert readiness	Medium	The draft rule expands AEMO's role in claims administration and Independent Expert coordination, introducing new processes, governance responsibilities and stakeholder interactions.	Early engagement with participants and Independent Experts, process walkthroughs, supporting guidance and readiness activities.
Compensation methodology interpretation and detailed design complexity	Medium	The draft rule introduces new compensation principles, assessment methodologies, claims pathways and governance requirements that may require significant detailed design and interpretation before implementation approaches can be finalised.	Early legal, market design and business analysis activities supported by stakeholder consultation and progressive design validation.
Final rule outcomes and detailed design discoveries	Medium	Future changes arising from the final rule, detailed design activities or implementation analysis may require changes to scope, sequencing or solution approaches.	Iterative implementation planning and regular review of implementation assumptions, dependencies and risks.
Complexity of staged implementation model	Low	The draft rule introduces multiple commencement dates across implementation phases, requiring concurrent management of transition, foundational, process reform and target-state activities.	Establish clear implementation boundaries and progressively deliver capabilities to reduce delivery risk.
Industry preparedness and adoption	Low	Participants may have differing levels of impact, implementation priorities and readiness requirements depending on their exposure to compensation arrangements and compensation cost recovery.	Early visibility of implementation plans, supporting documentation, readiness activities and targeted stakeholder engagement.
Procedural and governance change across multiple frameworks	Low	The draft rule requires alignment of directions, administered pricing, market suspension and related compensation arrangements, introducing procedural, governance and operational change across multiple business functions.	Progressive procedure development, stakeholder consultation and operating model refinement throughout implementation.
Transition of in-flight events and claims	Low	Compensation events, claims and assessments may span commencement boundaries, increasing complexity in determining which arrangements, methodologies and processes apply.	Develop transition arrangements, commencement guidance and supporting operational controls to support consistent application of transitional provisions.

AEMO expects implementation risks, dependencies and readiness considerations to continue evolving throughout detailed design and delivery planning. Consistent with the staged implementation approach proposed by the draft rule, implementation activities, testing approaches, readiness checkpoints and transition arrangements may be refined over time to support successful delivery of the CF reform while managing operational, technology and stakeholder impacts and risks.

A1. Impact ratings

Description of AEMO's reform impact ratings for industry systems, processes and documentation

Impact rating	Description	Comments
No impact	• No change's to AEMO or industry systems, processes, guidelines, or procedures. • Stakeholder consultation not required.	• No changes
Immaterial	• Immaterial impact to AEMO or industry systems, process, guidelines, or procedures • Stakeholder feedback sought	• Immaterial administrative changes to AEMO procedures and/or guidelines, purposes of consistency • Immaterial changes or additions to existing business processes and/or technology systems • Stakeholder consultation not required.
Low	• Low impact to AEMO or industry systems, processes, guidelines, or procedures • Stakeholder consultation may be required, or feedback sought.	• Minor changes, additions, or updates to AEMO procedures and/or guidelines, purposes of consistency • Minor changes, additions, or updates to existing business processes and/or technology systems • Stakeholder consultation not anticipated but may be required.
Medium	• Medium impact to AEMO or industry systems, processes, guidelines, or procedures • Stakeholder consultation required.	• Material changes or additions to AEMO procedures and/or guidelines • Significant changes or additions to existing business processes and/or technology systems • Stakeholder consultation required.
High	• High impact to AEMO or industry systems, processes, guidelines, or procedures • Stakeholder consultation required.	• Significant changes, additions, or creation of new AEMO procedures, and/or guidelines • Significant changes, additions, or the creation of new business processes and/or technology systems • Stakeholder consultation required.
Very High	• Large impacts to AEMO or industry systems, processes, guidelines or procedures • Stakeholder consultation required	• Large changes, additions or creation of new AEMO procedures and/pr guidelines • Major changes, additions or creation of new business processes and/or technology systems • Stakeholder consultation required

A2. Glossary

This document uses many terms that have meanings defined in the NER. The NER meanings are adopted unless otherwise specified.

Term	Definition
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AP	Administered pricing
APC	Administered price cap
CF	Compensation frameworks
CRMP	Cost recovery market participant
DRSP	Demand response service provider
FCAS	Frequency control ancillary services
HLIA	High-level implementation assessment
IE	Independent expert
IESS rule	Integrating energy storage systems into the NEM rule
MNSP	Market network service provider
NEM	National electricity market
NER	National electricity rules
NSP	Network service provider
RERT	Reliability and emergency reserve trader
SAPS	Stand-alone power system
VWAP	Volume-weighted average price