

**IN THE DISPUTE RESOLUTION PANEL AT MELBOURNE**

(Constituted for a determination as to compensation under rule 226 of the National Gas Rules)

**BETWEEN:**

**IPOWER 2 Pty Limited & IPOWER Pty Limited**  
(trading as **Simply Energy**) (ABN 67 269 241 237)

(**Simply Energy**)

and

**Australian Energy Market Operator Limited** (ABN 94 072 010 327)

(**AEMO**)

**DETERMINATION**

(National Gas Rules, rules 135HI and 226)

The Dispute Resolution Panel determines that:

1. It is confirmed that an unintended scheduling result occurred on 29 June 2010, produced by scheduling instructions issued as part of the 2pm and 6pm operating schedules for that gas day, in relation to Simply Energy's bids for injection of natural gas at the SEA Gas injection point of the Victorian Declared Transmission System (the **unintended scheduling result**).
2. It is confirmed that the unintended scheduling result affected the scheduling of bids by Simply Energy in the 2pm, 6pm and 10pm operating schedules for gas day 29 June 2010.
3. Within 30 days after the date of this determination, Simply Energy is to receive compensation for the unintended scheduling result in the amount of \$21,620 plus GST, to be paid by AEMO in a manner agreed by AEMO and Simply Energy from the Participant compensation fund.
4. Pursuant to subrule 135JA(2) of the National Gas Rules, the costs referred to in subrule 135JA(1) in this matter are to be borne equally by Simply Energy and AEMO.

Date: 24 February 2011

  
Peter R D Gray

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## REASONS FOR DETERMINATION

1. The unintended scheduling result in this case occurred when equally beneficial bids were not scheduled to the same extent (subrule 217(1)(a)).
2. The amount of gas that should have been scheduled, and was not, is 3.448TJ.
3. None of the disqualifying circumstances in subrules 217(2) or (3) apply.
4. It is necessary to consider how best to calculate the relevant "estimated financial effect" on Simply Energy for the purposes of applying subrules 217(4) and (5). The same calculation of estimated financial effect may be then used in determining the amount of compensation Simply Energy is to receive under subrule 226(1)(b).
5. The first step in estimating the financial effect on Simply Energy is to calculate the amount of credit for imbalance payments Simply Energy would be likely to have received for injection of the 3.448TJ if the unintended scheduling result had not occurred. The parties jointly submit, and I accept, that it is likely that \$26,033 would have been payable to Simply Energy if its 3.448TJ had been duly scheduled for injection during gas day 29 June 2010.
6. A second step is required because Simply Energy is likely to have recovered some amount of consideration for injection of the 3.448TJ at a time or times subsequent to gas day 29 June 2010. I must estimate that recovered amount, and subtract it from the amount of \$26,033 referred to in paragraph 5 above. This will produce an estimate of the net financial effect on Simply Energy of the events of gas day 29 June 2010.
7. I am satisfied that Simply Energy is to be taken to have injected the 3.448TJ of gas into the Victorian Declared Transmission System at various times during the fourth quarter of calendar year 2010. I am satisfied that it is not practicable to try to identify exactly when during that quarter the relevant injections should be taken to have occurred. The average beginning-of-day market price in the fourth quarter of 2010 was \$1.28/GJ. If that figure is applied, then Simply Energy would be taken to have recovered \$4,413.
8. Simply Energy argued that it should be taken to have injected the 3.448TJ of gas at various times during the fourth quarter of 2010 when demand was low, suggesting that the average of the market prices prevailing at the times when the 3.448TJ was scheduled would be below \$1.28/GJ.
9. In light of the relatively small sum in issue in this case, it was not practicable for Simply Energy to attempt to support its argument with more detailed information and analysis.
10. I am satisfied that it is likely that Simply Energy recovered an amount for the 3.448TJ of gas that is no greater than \$4,413. I acknowledge that Simply Energy had an argument

that it recovered less, and that Simply Energy might be justified in making an argument of this kind if another case of this kind arises in the future, and if more money were to be at stake. However, in order to determine this case, I am treating \$4,413 as the amount Simply Energy is likely to have recovered for injection of the 3.448TJ.

11. That means that my estimate of the financial effect on Simply Energy of the unintended scheduling result is \$21,620.
12. In relation to a scheduling result that occurred in the financial year ending 30 June 2010, the CPI-adjusted threshold applicable under subrules 217(4) and (5) was \$20,619. The amount of \$21,620 is greater than the applicable threshold. It follows that the scheduling result in this case meets the statutory description of an unintended scheduling result under rule 217.
13. Under rule 226, I am satisfied that the occurrence of the unintended scheduling result should be confirmed, and that Simply Energy should receive compensation of \$21,620 from the Participant compensation fund for the unintended scheduling result, within 30 days, in a manner it agrees with AEMO.
14. The figure of \$21,620 is exclusive of GST: see rule 266(1). GST should be added to the amount of compensation to be received by Simply Energy: see rule 266(2).

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