APPENDIX I – COMPENSATION IN THE EVENT OF LOAD SHEDDING

I.1 COMPENSATION AMOUNTS

I.1.1 For this section I.1 the following definitions apply:

\[ \text{RMEP}^m = \text{revised market energy price} \text{ (in $/MWh) at MNN m for the relevant dispatch period}, \]
\[ \text{from the revised dispatch schedule resulting from the MCE solve described in section 10.2.8 of this Chapter.} \]

\[ \text{OS}^m = \text{quantity scheduled for GRF m in the dispatch schedule described in section 9.2.1 of this Chapter.} \]

\[ \text{RS}^m = \text{quantity scheduled for GRF m in the revised dispatch schedule resulting from the MCE solve described in section 10.2.8 of this Chapter.} \]

\[ \text{spq} = \text{index of a specific price-quantity pair in an energy offer.} \]

\[ \text{pq} = \text{index of the price-quantity pairs in an energy offer, which are ordered by increasing price.} \]

\[ \text{Q}^{m,pq} = \text{quantity of the price-quantity pair pq for the energy offer from the GRF m for the relevant dispatch period.} \]

\[ \text{P}^{m,pq} = \text{price of the price-quantity pair pq for the energy offer from the GRF m for the relevant dispatch period.} \]

\[ \text{COMP}^{m,pq} = \text{compensation paid in relation to the price-quantity pair pq of the energy offer from the GRF m for the relevant dispatch period.} \]

\[ \text{COMP}^m = \text{compensation paid in relation to energy offer from the GRF m for the relevant dispatch period.} \]

I.1.2 Subject to I.1.4, for each eligible generation registered facility compensation as described in section 10.2.9 of this Chapter shall be calculated as:

\[ \text{COMP}^m = \sum_{pq=1}^{10} \text{COMP}^{m,pq} \]
I.1.3 Subject to I.1.4, the compensation due under each *price-quantity pair* $spq$ of the energy offer shall be calculated as:

**I.1.3.1** If $\sum_{pq=1}^{spq} Q_{pq}^m \leq OS_m$, then:

$$\text{COMP}_{m,spq} = 0$$

**I.1.3.2** If $\sum_{pq=1}^{spq-1} Q_{pq}^m \geq RS_m$, then:

$$\text{COMP}_{m,spq} = 0$$

**I.1.3.3** Otherwise, compensation paid for *price-quantity pair* $spq$ is:

$$\text{COMP}_{m,spq} = \left( RMEP_m - P_{m,pq} \right) \times \left\{ \min \left( \sum_{pq=1}^{spq} Q_{pq}^m, RS_m \right) - \max \left( \sum_{pq=1}^{spq-1} Q_{pq}^m, OS_m \right) \right\}$$

**Explanatory Note** – the following sketch illustrates the compensation calculation.

![Explanatory Note - the following sketch illustrates the compensation calculation](image)
I.1.4 The *market surveillance and compliance panel* shall review the behaviour of *market participants* prior to and during the relevant *dispatch periods* and may revise the compensation amounts of any *market participant* downwards if it finds that the *market participant* deliberately manipulated its *offer variations* in order to receive compensation payments or increase its compensation payments.
I.2 **COMPENSATION PAYMENT AND COST RECOVERY**

I.2.1 The compensation payments referred to in section 10.2.9 of this Chapter and calculated in accordance with section I.1, shall appear as an additional item on the *settlement statements* of the *relevant market participants* for the relevant *dispatch day*, and shall be paid by the EMC in accordance with the settlement timetable set out in section 5.2 of Chapter 7.

I.2.2 The total cost of the compensation payments in each relevant *dispatch period*, referred to in section 10.2.9 of this Chapter and calculated in accordance with section I.1, shall be recovered by the EMC from *market participants* by allocating the total cost across *market participants* in proportion to the sum of the *WEQs* associated with the *settlement accounts* of that *market participant* in the relevant *dispatch period*, and shall appear as an additional item on the *settlement statements* of *market participants* for the relevant *dispatch day*, and shall accordingly be paid by *market participants* in accordance with the settlement timetable set out in section 5.2 of Chapter 7.