

25 May 2022

Anna Collyer
Chair
Australian Energy Market Commission
Sydney South NSW 1235

By online submission

Dear Ms. Collyer,

Recovering the cost of AEMO's Participant fees rule change – ERC0335

AEMO welcomes the opportunity to provide feedback on the AEMC's Consultation Paper published on 28 April 2022 on a rule change request from Energy Networks Australia (ENA) on Recovering the cost of AEMO's participant fees.

As outlined in our letter on 24 June 2021 to the ENA, which was published with the ENA's rule change request to the AEMC, AEMO is supportive of the request for Transmission Network Service Provider's (TNSPs) to recover the costs of AEMO's Participant fees attributed to them.

As the Commission are aware, AEMO's Participant fee final determination published in March 2021 outlined that AEMO considered it necessary to start charging TNSPs a proportion (17.5%) of AEMO's core NEM fees to reflect AEMO's increasing involvement in network-related activities. This final determination is to apply from 1 July 2023 to 30 June 2026, therefore it is timely that a decision and rule on the cost recovery mechanism for AEMO's core NEM fees attributed to TNSPs is made.

AEMO is of the view that the ENA's proposal for TNSPs to recover AEMO's Participant fees directly from customers through adjusted annual revenue requirements is the most efficient mechanism, rather than seeking to recover them through an AER revenue determination or cost pass-through application. Specifically, the proposed mechanism outlined in the Rule change request will:

- Closely align with the Rule change made on 29 October 2020 relating to the recovery of AEMO's National Transmission Planner (NTP) costs.
- Ensure the same outcome is achieved in relation to the other components of Participant fees in National Electricity Rules (NER) clause 2.11.1(c) that are allocated to TNSPs.
- Align with revenue and pricing principles by ensuring transmission prices reflect the efficient costs of providing transmission services, which include the costs of AEMO's Participant fees.


Additionally, the proposed Rule change will effectively:

- Align with AEMO's budgeting process and TNSPs' publication of transmission charges.
- Clarify transfer payment arrangements between a Co-ordinating Network Service Provider (CNSP) and a TNSP.
- Promote the National Electricity Objective (NEO) in the long-term interests of consumers.



AEMO looks forward to continuing to work with the Commission and ENA on this rule change. Please contact Kevin Ly, Group Manager Reform Development & Insights, on kevin.ly@aemo.com.au should there be any enquiries on the matters outlined in this submission.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Violette Mouchaileh", with a long horizontal flourish extending to the right.

Violette Mouchaileh

Executive General Manager – Reform Delivery