

CHAPTER 2

2. Registered Participants and Registration

2.11 Participant Fees

2.11.3 Budgeted revenue requirements

- (a) *AEMO* must prepare and *publish* before the beginning of each *financial year* a budget of the revenue requirements for *AEMO* for that *financial year*.
- (b) The budget prepared by *AEMO* under clause 2.11.3(a) must take into account and separately identify projected revenue requirements in respect of:
 - (1) *AEMO's* procurement of *non-market ancillary services*;
 - (2) *AEMO's* expenditures in relation to its *power system* operation activities, including meeting its obligations in terms of *power system security* and the facilitation and operation of the central bidding and dispatch processes in accordance with the *Rules*;
 - (2A) *AEMO's* expenditures in relation to *inter-network tests*;
 - (3) *AEMO's* expenditures in the collection, storage and processing of *metering data*;
 - (4) *AEMO's* expenditures in the facilitation of the billing and *settlement* of *market transactions*;
 - (4A) *AEMO's* expenditures in carrying out *NTP functions*;
 - (4B) *AEMO's* expenditures in carrying out additional advisory functions;
 - (4C) *AEMO's* expenditures in carrying out *CDR functions*;
 - (5) *AEMO's* other expenditure requirements, operating costs and margin so far as they relate to the electricity industry;
 - (5A) the proportion of *AEMO's* residual expenditures allocated to the electricity industry under paragraph (c).
 - (6) *AEMO's* consumer advocacy funding obligation under rule 8.10;
 - (7) any revenue shortfall or excess from each of the requirements specified under clause 2.11.3(b)(1)-(5) from the previous *financial year*; and
 - (7A) *AEMO's* expenditure in relation to *B2B costs*;
 - (7B) *AEMO's* expenditure in relation to a *voluntary book build* under Chapter 4A, Part H; and
 - (8) the funding requirements of the *Participant compensation fund* in accordance with rule 3.16 (which requirements must only be recovered from *Scheduled Generators*, *Semi-Scheduled Generators* and *Scheduled Network Service Providers*).
- (ba) to the extent that *AEMO* has determined to allocate components of the Participant fees to Transmission Network Service Providers (including as Coordinating Network Service Providers) in accordance with clause 2.11.1,~~For the purposes of clause 2.11.1(c)(5A),~~ *AEMO* must:

- (1) for the purposes of clause 2.11.1(c)(5A), allocate between *Co-ordinating Network Service Providers* AEMO's budgeted NTP function fees to recover the projected revenue requirement described in subparagraph (b)(4A);
 - (1A) calculate other amounts to be recovered from each *Transmission Network Service Provider* in respect of AEMO's projected revenue requirements for the items described in subparagraph (b), excluding subparagraph (b)(4A); and
 - (2) by 15 February each year, advise each *Transmission Network Service Provider* of the amounts ~~Co-ordinating Network Service Provider~~ of its allocation of NTP function fees under subparagraph (1) and (1A) for the next *financial year* to allow each *Transmission Network Service Provider* ~~Co-ordinating Network Service Provider~~ to reflect its allocation in the prices for each *category of prescribed transmission services* it publishes for that *financial year* in accordance with clause 6A.24.2(c); and-
 - (3) at the same time as notifying each *Transmission Network Service Provider* under subparagraph (2), advise the *Co-ordinating Network Service Provider* for that region of the amounts calculated under subparagraph (1A) for each relevant *Transmission Network Service Provider*.
- (c) AEMO must allocate expenditures that cannot be specifically related to electricity activities or gas activities (**residual expenditures**) between the electricity and gas industries in a manner that:
- (1) ensures that the total amount of the residual expenditures is allocated appropriately between the electricity and the gas industries; and
 - (2) ensures that each industry bears an allocation at least equal to the amount by which residual expenditures would be reduced if services were no longer provided to that industry; and
 - (3) promotes the efficient use of electricity and gas services.
- (d) AEMO's expenditures in carrying out *declared network functions*, and ~~the any NTP function~~ fees applicable to AEMO as a ~~Co-ordinating~~ *Transmission Network Service Provider* under clause 2.11.3(ba), are to be recovered through fees charged as a *Transmission Network Service Provider* and not through *participant fees*.

CHAPTER 6A

6A. Economic Regulation of Transmission Services

Part J Prescribed Transmission Services - Regulation of Pricing

6A.23 Pricing Principles for Prescribed Transmission Services

6A.23.3 Principles for the allocation of the annual service revenue requirement to connection points

The allocation of the *ASRR* for each *category of prescribed transmission services* to the relevant *connection points* (other than the *connection points* of any *Market Network Service Provider*), and the manner and sequence in which adjustments can be made to those allocations, for the relevant *regulatory year* to which the *maximum allowed revenue* relates, must be in accordance with the following principles:

- (a) The *ASRR* for *prescribed TUOS services* is to be allocated between a locational component (*pre-adjusted locational component*) and a non-locational component (*pre-adjusted non-locational component*) either:
 - (1) as to 50% to each component; or
 - (2) an alternative allocation to each component, that is based on a reasonable estimate of future *network* utilisation and the likely need for future *transmission* investment, and that has the objective of providing more efficient locational signals to *Market Participants*, *Intending Participants* and end users.
- (b) Subject to paragraph (d), the *pre-adjusted locational component* is to be adjusted by:
 - (1) subtracting the amount estimated by the *Co-ordinating Network Service Provider* to be payable to it under clause 3.18.4 as *auction* proceeds or under clause 3.6.6 as unsold settlements residue amounts, as adjusted by the adjustment calculated in accordance with paragraph (f); and
 - (2) adding or subtracting the amount estimated by the *Co-ordinating Network Service Provider* for the *modified load export charge* receivable by or payable to the *Transmission Network Service Provider* under clause 6A.29A.5, with that amount including an adjustment calculated in accordance with paragraph (f),
(the *adjusted locational component*).
- (c) If the *adjusted locational component* is a positive amount, it is to be allocated to *transmission network connection points* of *Transmission Customers* on the basis of their proportionate use of the relevant *transmission system* assets, excluding, to avoid doubt, assets which constitute an *identified user shared asset* or *designated network asset*. The *CRNP methodology* and the *modified CRNP methodology* are two permitted methodologies to estimate the proportionate use of the relevant *transmission system* assets as referred to in paragraph (b).
- (d) If the *adjusted locational component* is a negative amount, then the *adjusted locational component* will be deemed to be zero and the absolute value of that

negative amount is to be subtracted from the *pre-adjusted non-locational component* under subparagraph (e)(1).

- (e) The *pre-adjusted non-locational component* is to be adjusted by:
 - (1) subtracting the absolute value of the amount (if any) referred to in paragraph (d);
 - (2) adding or subtracting any amount for *settlements residue* estimated to be receivable or payable by the *Co-ordinating Network Service Provider* in accordance with clause 3.6.5(d), clause 3.6.5(f), clause 3.6.6(c) or clause 3.6.6(e) (excluding, to avoid doubt, any amount referred to in subparagraph (b)(1) and *settlements residue* that accrues on a *designated network asset* due to *boundary point loss factors*);
 - (3) adding or subtracting any adjustment arising as a result of the application of clauses 6A.23.4(c) and (d);
 - (4) adding or subtracting any amount arising as a result of the application of prudent discounts (if any) under clauses 6A.26.1(d) to (g);
 - (5) adding or subtracting any *over-recovery amount* or *under-recovery amount*, with that amount including an adjustment calculated in accordance with paragraph (f); and
 - (6) adding ~~the-an~~ amount ~~of NTP functions~~ equal to the *Participant fees* advised to the relevant *Co-ordinating Network Service Provider* and Transmission Network Service Provider (as applicable) in accordance with clause 2.11.3(ba),

(the *adjusted non-locational component*).
- (f) The adjustment referred to in subparagraphs (b)(1), (b)(2) and (e)(5) must be calculated as the sum of:
 - (1) the difference between:
 - (i) the estimated amount payable or receivable for a service (or component of a service) referred to in subparagraphs (b)(1), (b)(2) and (e)(5) in year $t - 1$; and
 - (ii) the amount actually payable or receivable for that service (or that component of service) in year $t - 1$;
 - (2) the difference between:
 - (i) the actual amount payable or receivable for that service (or that component of service) in year $t - 2$; and
 - (ii) the estimate of the amount payable or receivable for that service (or component of a service) in year $t - 2$ that was used for the purposes of clause (f)(1)(i) in accordance with the *Co-ordinating Network Service Provider's* or the *Transmission Network Service Provider's* (as the case may be) *pricing methodology* that applied in year $t - 1$; and
 - (3) grossed up on the basis of the *allowed rate of return* that applies to the *Transmission Network Service Provider* at the time when the further adjustment is to be made.

(g) For the purposes of paragraph (f):

- "year t" means the *regulatory year* in which adjustments are made under paragraph (f).
- "year t - 1" means the *regulatory year* immediately prior to year t or, where year t is the first year of a *regulatory control period*, the last *regulatory year* of the previous *regulatory control period*.
- "year t - 2" means the *regulatory year* immediately prior to year t - 1 or, where year t is the:
- (1) first year of a *regulatory control period*, the penultimate *regulatory year* of the previous *regulatory control period*; and
 - (2) second year of a *regulatory control period*, the last *regulatory year* of the previous *regulatory control period*.

(h) The *ASRR* for *prescribed common transmission services* is to be adjusted by adding:

- (1) the operating and maintenance costs incurred in the provision of those services;
- (2) expected *system security network support payments*; and
- (3) any adjustments under clause 6A.7.2 that relate to a reconciliation in a previous *regulatory year* of expected *system security network support payments* with actual *system security network support payments*,

in each case to the extent that the relevant cost, payment or allowance was subtracted from the *maximum allowed revenue* in accordance with clause 6A.22.1.

(h1) In addition to the adjustment under paragraph (h), for a *Transmission Network Service Provider* who is a *System Strength Service Provider*:

- (1) the *ASRR* for *prescribed common transmission services* for a *regulatory year* must be adjusted by:
 - (i) subtracting the *Transmission Network Service Provider's* forecast of its *annual system strength revenue* for the *regulatory year* made in accordance with clause 6A.23.3A(a)(1); and
 - (ii) adding or subtracting any adjustment for the *regulatory year* arising as a result of the application of clause 6A.23.3A(b); and
- (2) a reference to the *ASRR* for *prescribed common transmission services* for that *Transmission Network Service Provider* is taken to be a reference to the amount adjusted in accordance with subparagraph (h1)(1).

(i) The whole of the *ASRR* for *prescribed entry services* is to be allocated to *transmission network connection points* (other than *connection points* of any

Market Network Service Provider) in accordance with the *attributable connection point cost share* for *prescribed entry services* that are provided by the *Transmission Network Service Provider* at that *connection point*.

- (j) The whole of the *ASRR* for *prescribed exit services* is to be allocated to *transmission network connection points* (other than *connection points* of any *Market Network Service Provider*) in accordance with the *attributable connection point cost share* for *prescribed exit services* that are provided by the *Transmission Network Service Provider* at that *connection point*.

6A.27 Billing Process

This rule describes the manner in which *Transmission Network Users* are billed for *prescribed transmission services* and how payments for those services are made.

6A.27.4 Payments between Transmission Network Service Providers in the same region

- (a) A *Transmission Network Service Provider* must pay other *Transmission Network Service Providers* within the same *region* an amount of revenue equal to that which it is estimated it will collect during the following *regulatory year* or *financial year* (as the case may be), as charges for *prescribed transmission services* for the use of *transmission systems* owned by those other *Transmission Network Service Providers*.
- (b) The amount of any financial transfer under paragraph (a) must be determined by the relevant *Co-ordinating Network Service Provider* and paid in equal monthly instalments.
- (c) The amount of any financial transfer under paragraph (a) must account for the recovery of Participant fees to the extent that they are recovered by the Co-ordinating Network Service Provider on behalf of a Transmission Network Service Provider.~~{Deleted}~~

6A.29 Multiple Transmission Network Service Providers

6A.29.2 Responsibilities of the Co-ordinating Network Service Provider

- (a) The *Co-ordinating Network Service Provider* for a *region* is responsible for:
 - (1) in accordance with rule 6A.23 and clause 6A.24.1, the allocation of the *total regional AARR* for its *region* to services and the allocation of the *ASRR* for services in the *region* to *connection points* and related adjustments;
 - (2) the calculation of *modified load export charges* and any adjustments to the charges in accordance with the *Rules* payable by *Co-ordinating Network Service Providers* in *interconnected regions*; and
 - (3) the allocation of *modified load export charges* and any adjustments to the charges in accordance with the *Rules* payable or receivable to or from *Co-ordinating Network Service Providers* in *interconnected regions* to each *Transmission Network Service Provider* within its *region*; and

(4) recovering the cost of *Participant fees* and paying the amounts recovered to the relevant *Transmission Network Service Providers* to the extent that they are recovered by the *Co-ordinating Network Service Provider* on behalf of a *Transmission Network Service Provider*.

- (b) The *Co-ordinating Network Service Provider* is responsible for making the allocation and other adjustments referred to in paragraph (a), in accordance with its *pricing methodology*, in relation to *Transmission Network Users'* and *Transmission Network Service Providers'* *transmission network connection points* located within the *region* and any other *Transmission Network Service Provider* within the *region* is not required to address the matters specified in clause 6A.24.1(b)(1) when preparing its *pricing methodology*.
- (c) The *Co-ordinating Network Service Provider* must provide sufficient information to any other *Transmission Network Service Provider* within the *region* to enable that provider:
 - (1) to understand the basis for the allocation and related adjustments referred to in paragraph (a); and
 - (2) to prepare its *pricing methodology* and replicate the pricing allocation.