



SUBMISSION TO THE DIRECTIONS PAPER – RECOVERING THE COST OF AEMO’S PARTICIPANT FEES STAKEHOLDER FEEDBACK TEMPLATE

The template below has been developed to enable stakeholders to provide their feedback on the issues that the Directions paper seeks feedback on and any other issues that they would like to provide feedback on. The AEMC encourages stakeholders to use this template to provide feedback on issues raised. This template is not exhaustive and therefore stakeholders are encouraged to comment on any additional issues or suggest additional solutions. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. Further context for the questions can be found in the directions paper.

SUBMITTER DETAILS

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DATE 18 August 2022

PROJECT DETAILS

NAME OF RULE CHANGE: Recovering the cost of AEMO’s participant fees

PROJECT CODE: ERC0335

PROPONENT: Energy Networks Australia

SUBMISSION DUE DATE: 18 August 2022

Stakeholder feedback

Recovering the cost of AEMO's participant fees

QUESTION 1- ARE THE CURRENT RECOVERY ARRANGEMENTS MORE APPROPRIATE THAN DIRECT COST RECOVERY??

1. To what extent can TNSPs influence AEMO's costs, and the overall efficiency, of delivering functions for which AEMO charges them participant fees?	TNSPs can influence AEMO costs and their overall efficiency of functional delivery in three key ways. First, TNSPs can directly lobby AEMO to reduce costs or scope on key AEMO initiatives. In the same way that retailers/generators regularly advocate with AEMO to reduce costs of new ICT systems and other initiatives, TNSPs – when they are forced to explain AEMO costs to the AER and consumers during revenue determinations – can help to influence AEMO expenditure. Secondly, TNSPs, if they need to include and defend AEMO fees in revenue determinations, can influence the longer-term planning and budgeting of AEMO, which should can improve AEMO budgeting and reduce rate shocks of the kind seen recently from AEMO. Finally, TNSPs can help better define roles and responsibilities between themselves and AEMO. TNSPs and AEMO have similar and often unclear responsibilities for future power system planning and operations. It is important for TNSPs and AEMO to clearly differentiate their roles and responsibilities for these functions so that consumers do not pay twice for advanced engineering functions that are not required at both TNSPs and the Market Operator.
2. Reflecting on submissions and the analysis above, do you think that there is a substantial issue with the current arrangements that warrants making ENA's proposed rule?	No. In fact, making the rule would set a dangerous precedent about the role of AER and stakeholder oversight of TNSP costs.

QUESTION 2 - IS THERE BENEFIT IN MAKING NICE'S PROPOSED RULE?

1. Do you agree with the position put in NICE's submission that charging participant fees to TNSPs is administratively inefficient?	Click or tap here to enter text.
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QUESTION 3 – AMENDING DEFINITIONS AND CLARIFYING ARRANGEMENTS BETWEEN CNSPS AND TNSPS

1. Do you think it would be useful to amend the definitions of over-recovery	Click or tap here to enter text.
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Stakeholder feedback

Establishing revenue determinations for intending TNSPs

amount and under-recovery amount, and clarify transfer payment arrangements between CNSPs and TNSPs, as proposed by ENA?

OTHER COMMENTS

1. Please provide any further comments on this report.

While the total quantity of funding covered by this rule change is relatively small, the rule change itself is critical for two reasons. First, it provides an opportunity for the AEMC to reiterate the importance of regulatory oversight of monopoly network expenditure. Secondly, it raises the spectre of the evolving role and increasing fees by AEMO. Both an elevation of AEMO's role and an increase in their fees may be important and required, but these expansions require transparent disclosure from AEMO and increasing dialogue and collaboration between TNSPs and AEMO to better define and clarify roles and responsibilities.

Stakeholder feedback

Recovering the cost of AEMO's participant fees