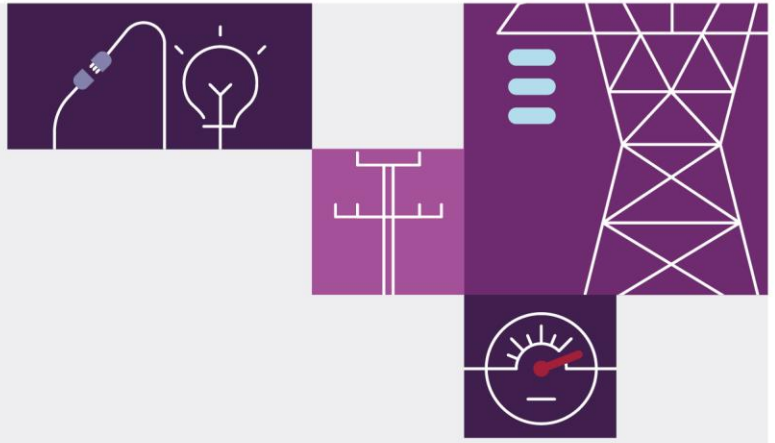


STRUCTURE OF PARTICIPANT FEES FOR THE CDR DECLARED NEM PROJECT

April 2023

Draft Report and Determination





Important notice

Purpose

Under clause 2.11(be) of the National Electricity Rules (NER), the introduction and facilitation of the Consumer Data Right (CDR), requiring AEMO to carry out CDR functions, is taken to have been determined to be a declared NEM project under clause 2.11.1(ba) of the NER (CDR declared NEM project). AEMO is consulting on the determination of the structure of an additional Participant fee to recover costs for the introduction and facilitation of the CDR and the performance of the CDR functions by AEMO as required by clause 2.11(bf) of the NER.

This document has been prepared by AEMO for the purposes of clauses 2.11(bf) and 8.9 of the NER and has effect only for the purposes set out in the NER. The NER and the National Electricity Law (NEL) prevail over this document to the extent of any inconsistency.

This publication has been prepared by AEMO using information available at 26 April 2023.

Disclaimer

This document does not constitute legal or business advice, and should not be relied on as a substitute for obtaining detailed advice about the National Electricity Law or National Electricity Rules or any other applicable laws, procedures or policies. AEMO has made every effort to ensure the quality of the information in this document but cannot guarantee its accuracy or completeness.

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Version control

Version	Release date	Changes
#1	26/04/2023	

Executive summary

The publication of this Draft Report and Determination (Draft Report) commences the second stage of the Rules consultation process conducted by AEMO to determine a Participant fee structure for the Consumer Data Right (CDR) declared NEM project.

The CDR is implemented via Part IVD of the *Competition and Consumer Act 2010* (Cth). Under the *Competition and Consumer (Consumer Data Right) Rules 2020*, the CDR applies to the energy sector and AEMO is a secondary data holder. In November 2022, amendments were made to the National Electricity Law (NEL) and National Electricity Rules (NER) which enable cost recovery by AEMO for its new CDR related functions. The CDR amendments to the NER (which became effective on 10 November 2022) introduced new clauses 2.11.1(be) and 2.11.1 (bf) into the NER. The introduction and facilitation of the consumer data right, requiring AEMO to carry out CDR functions, is taken to have been determined to be a CDR declared NEM project under clause 2.11.1(ba) of the NER (a CDR declared NEM project).

On 24 February 2023, AEMO published the Notice of First Stage Consultation and the Consultation Paper to determine a Participant fee structure for the CDR declared NEM project. AEMO received submissions from AGL and Origin Energy. Of the submissions received, there were divergent views on whether the existing Electricity Retail Market fee structure is appropriate to apply to the CDR declared NEM project versus a separate fee being established. However, both submissions supported recovery from Market Customers only on a \$/NMI basis.

One of the submissions also raised concerns on the transparency of costs associated with AEMO's role in the CDR reforms. While the quantum of project costs is not a matter within the scope of this consultation, AEMO has provided some feedback in response to these concerns in this Draft Report.

Key matters raised in submissions

AEMO received two submissions to the first stage of consultation – from AGL and Origin Energy. The key matters for consultation, and the main themes from these stakeholder submissions were:

- The Participant fee structure for the CDR declared NEM project – of the two options presented in the Consultation Paper, one stakeholder supported the use of the existing Electricity Retail Markets fee while the other supported establishing a separate fee. Both submissions supported CDR cost recovery from Market Customers only.
- The fee metric/s for the CDR declared NEM project – both submissions supported recovery from Market Customers on a \$/NMI basis.
- The start date for recovery and period over which recovery of costs of the CDR declared NEM project will occur – only one of the submissions explicitly responded to this question and supported AEMO's proposal of recovery commencing from 1 July 2023 for a period of three years.

No issues were expressed about the length of the recovery period.

Further detail on the key points made in each submission, with AEMO's responses to these submissions, can be found in Appendix A2.



AEMO's draft determinations on the above matters

Having regard to National Electricity Objective (NEO), after consideration of stakeholder submissions and consistent with the fee structure principles, AEMO's Draft Report proposes the following approaches for each of the key matters identified above:

- Apply the existing Electricity Retail Markets Fee – charge Market Customers with a retail licence and levied on a \$ per connection point basis, per week.
- Commence cost recovery on 1 July 2023 for a period of three years, i.e. to 30 June 2026.

Stakeholders should note that this consultation relates only to the determination of the Participant fee structure for the CDR declared NEM project. The actual amount charged for the project is subject to a separate consultation through AEMO's annual budget process.

Stakeholders are invited to submit written responses on the issues and questions identified in this paper to reformdevelopmentandinsights@aemo.com.au by 5.00 pm (Australian Eastern Standard Time [AEST]) on 24 May 2023, in accordance with the Notice of Second Stage of Consultation published with this paper.

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1 Stakeholder Consultation Process

As required by the NER, AEMO is consulting on a structure for Participant fees for the CDR declared NEM project in accordance with clauses 2.11.1(be) and (bf) of the NER and the Rules consultation process in clause 8.9 of the NER.

AEMO's indicative timeline for this consultation is outlined below. Future dates may be adjusted depending on the number and complexity of issues raised in submissions and any meetings held with stakeholders.

Table 1 Consultation timeline

Deliverable	Indicative date
Consultation Paper and Notice of First Stage Consultation published	Friday 24 February 2023
First Stage Submissions closed	Friday 24 March 2023
Draft Report and Notice of Second Stage Consultation to be published	Wednesday 26 April 2023 ¹
Submissions due on Draft Report	By Wednesday 24 May 2023
Final Report to be published	Thursday 22 June 2023

Stakeholders should note that this consultation relates only to determining the structure for an additional Participant fee for recovery of the costs of the CDR declared NEM project, including the Registered Participants that will be charged the fee, as well as the start date for recovery and the period or periods over which recovery will occur. Therefore, stakeholders should not make submissions to this consultation that relate to the actual amount charged for the program.

¹ This assumes that AEMO concludes that it is not desirable or necessary to hold any meetings under clause 8.9(f) of the Rules. If meetings are held, meetings must be held within a further 25 business days after submissions close, and this will then impact the consultation dates following the meeting.

2 Background

2.1 NER requirements

AEMO consults on its proposed fee structure for Participant fees in accordance with clause 2.11 of the NER. Under the Rules, AEMO only has the power to recover market fees from registered participants.

In determining the structure of participant fees, AEMO must have regard to the NEO. In addition, the structure of participant fees must, to the extent practicable, be consistent with the following principles which are stipulated in the NEL and the NER, and herein referred to in this document as the Fee Structure Principles

- The structure of Participant fees should be simple.
- The components of Participant fees charged to each registered participant should be reflective of the extent to which AEMO's budgeted revenue requirements involve that registered participant.
- Participant fees should not unreasonably discriminate against a category or categories of registered participants.
- Fees and charges are to be determined on a non-profit basis that provides for full cost recovery.
- The structure of the Participant fees should provide for the recovery of AEMO's budgeted revenue requirements on a specified basis.

Further details in relation to the Fee Structure Principles is set out in Appendix A.


The operation of clause 2.11.1 of the NER also needs to be understood in the context of its surrounding provisions which deal with budgets and the payment of Participant fees (which are consulted on separately to this consultation and process):

- Under clause 2.11.3, AEMO is required to prepare and publish its budgeted revenue requirements.
- That budget must take into account and identify revenue requirements for the matters set out in clause 2.11.3(b).
- Some, but not all of these matters are referred to in the components of Participant fees specified in clause 2.11.1(c).
- However, AEMO may adopt 'components' of Participant fees which are different to or more than those set out in clause 2.11.1(c).
- Clause 2.11.1(b)(2) provides that Participant fees should recover the budgeted revenue requirements for AEMO determined under clause 2.11.3 in accordance with specified principles.
- Under clause 2.11.2, AEMO may charge Registered Participants the relevant components of Participants fees in accordance with the structure of Participant fees.

Consequently, clauses 2.11.1 to 2.11.3 of the NER:

- require AEMO to determine the structure of Participant fees according to certain rules;
- require AEMO to determine AEMO's budgeted revenue requirements according to certain rules; and
- empower AEMO to recover the budgeted revenue requirements by charging Registered Participants in accordance with the determined structure of Participant fees.

Under clause 2.11.1(be) of the NER, the introduction and facilitation of the CDR, requiring AEMO to carry out CDR functions, is taken to have been determined to be a declared NEM project under clause 2.11.1(ba) of the



NER (CDR declared NEM project). Clause 2.11.1(bf) of the NER provides that clause 2.11.1(bb) of the NER applies to the CDR declared NEM project and requires AEMO to comply with the NER consultation procedures when making a determination under that clause in respect of the CDR declared NEM project.

2.2 Context for this consultation

2.2.1 The Consumer Data Right Reforms

The CDR is an important Commonwealth reform implemented via Part IVD of the *Competition and Consumer Act 2010* (Cth) that will empower consumers to have greater control over their data and is seen as a key reform in moving to a digital economy. Through the reform, consumers and small businesses will be given the right to share their data between providers by using automated data technology.

Under the *Competition and Consumer (Consumer Data Right) Rules 2020*, the CDR was applied to the energy sector and AEMO became a secondary data holder. In November 2022, the NER were amended by the *National Electricity Amendment (Consumer Data Right) Rule 2022* to enable AEMO to recover its costs associated with the introduction and facilitation of the CDR. Collectively these changes are referred to in this paper as the CDR Reforms.

The CDR Reforms aim to give energy consumers access to and greater control over their energy consumption data to enable them to make more informed decisions about their energy supply and investments in distributed energy resources (DER) and energy-efficient appliances. It is expected that this reform will enable better pricing and potential innovation of products and services via third parties.

Under the CDR Reforms, various parties will be required to fulfil the CDR data flow requirements. These include:

- Consumers;
- Accredited Data Recipients (ADR);
- Data Holders (Retailers); and
- Secondary Data Holders (AEMO).

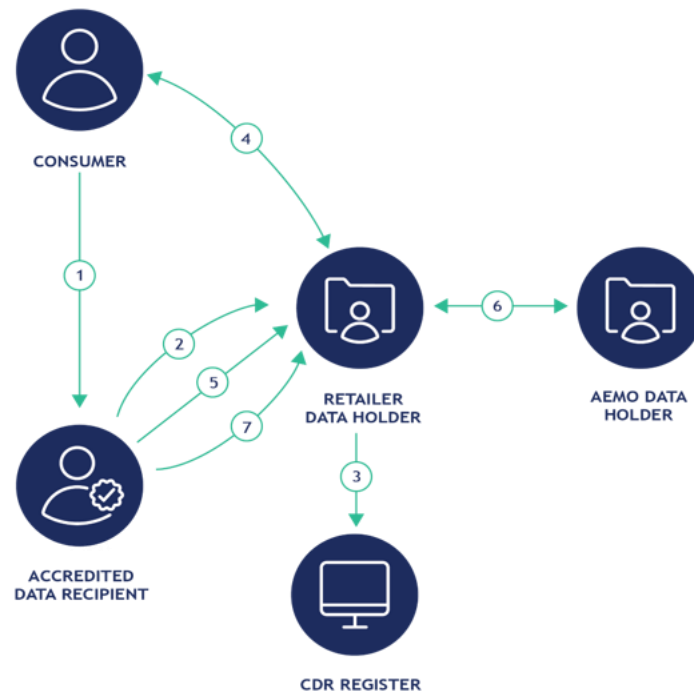
Retailers included as Data Holders are:

- Initial retailers:
 - AGL, Energy Australia, and Origin Energy
- Larger retailers:
 - Those retailers that had 10,000 or more small customers on the day the *National Electricity Amendment (Consumer Data Right) Rule 2022* was made (3 November 2022); and
 - Those retailers that have 10,000 or more small customers at all times during a financial year that begins on or after the amendment day is also a larger retailer on and from the day 12 months after the end of that financial year.

Smaller retailers in the CDR Rules, that is those below the threshold of 10,000 small customers, will not have data holder obligations unless they become accredited as an accredited data recipient or wish to participate voluntarily as data holders.

The CDR Reforms will implement a peer-to-peer (P2P) data access model where AEMO is designated as a Data Holder to enable consumers to share their information on DER and historical electricity usage that may not be available to the current retailer. Figure 1 below outlines the P2P data access model that will be implemented including detail on the workflow.

Figure 1 P2P data access model



Workflow:

1. The consumer consents to an accredited data recipient (ADR) obtaining their data.
2. The ADR contacts the retailer Data Holder (retailer DH), seeking access to the consumer's data.
3. The retailer DH authenticates the ADR using the CDR Register.
4. The consumer is redirected to the retailer DH's authentication and authorisation service. The retailer DH authenticates the identity of the consumer via a one-time password. The Consumer authorises the retailer DH to disclose their data to the ADR.
5. The ADR requests a specific set of data that is covered by the authorisation.
6. The retailer requests the relevant data, covered by the authorised consent, from AEMO as a data holder (AEMO DH). AEMO DH provides the requested data to the retailer DH.
7. The consumer's data is shared between the retailer DH and the ADR.

Implementation of the P2P data access model is divided into four tranches as shown in Table 2 below and is based on retailer type and complexity of data, where complex data requests include those:

- Made on behalf of a large customer; or
- Made on behalf of a secondary user; or
- Related to a joint account or a partnership account.



Table 2 CDR implementation timeline

Tranche	Commencement date	Participants	Complexity of data
1	15 November 2022	AER / Victorian Government, AEMO, Initial Retailers	Excludes complex data requests
2	15 May 2023	Initial Retailers	Includes complex data requests
3	1 November 2023	Larger retailers	Excludes complex data requests
4	1 May 2024	Larger retailers	Includes complex data requests

Program cost estimates and cash flows from 1 July 2023 have been developed and are shown in Table 3 below. Capital costs include those associated with Tranches 1 and 2 only, that is, the implementation of the six new Automated Programming Interfaces (APIs) (November 2022) and the MSATS functionality (May 2023). No additional capital costs are anticipated to be incurred for the remaining Tranches (3 and 4).

Table 3 Estimated Program costs for AEMO

Cost component	\$
Total capital costs	\$5,000,000
Ongoing costs per annum ²	\$410,000

2.3 First Stage Consultation

AEMO issued a Notice of First Stage Consultation and Consultation Paper on 24 February 2023.

The objective of the Consultation Paper was to provide stakeholders with the opportunity to have input into the development of the structure of Participant fees to apply to the CDR declared NEM project, noting that the consultation does not apply to the actual amount charged for each fee.³

AEMO received two written submissions in the first stage of consultation.

Copies of all written submissions have been published on AEMO’s website at:

[AEMO | Participant Fee Structure for the Consumer Data Right CDR Declared NEM Project](#)

² Ongoing costs are assumed to commence from FY24.

³ The latter is to be determined on an annual basis, via the AEMO budgeting process.

3 Summary of Key Issues for Consultation

3.1 Summary of key consultation issues

The table below provides an overview of the main issues to be addressed in relation to the key matters under consultation. It also highlights stakeholder views on the consultation matter.

Table 4 Summary of key consultation issues

Consultation matter	Summary of key issues
Participant fee structure (including fee metrics and Registered Participants to be charged)	<ul style="list-style-type: none"> Under clauses 2.11.1(be) and 2.11.1(bb) of the NER, AEMO is required to determine the structure of an additional Participant fee for the CDR declared NEM project. In its Consultation Paper AEMO proposed two options for a Participant fee structure for the CDR declared NEM project – with a preference to apply the existing Electricity Retail Markets fee. Performance of CDR functions by AEMO will occur via interactions with AEMO’s retail systems which are accessed by Retailers. The existing metric for the Electricity Retail Markets fee is a \$/NMI metric because AEMO’s electricity retail markets capability is built to handle a total number of individual meters. The actual energy flowing through the meters is incidental. Retailers are the only Registered Participant category that have a role in, and benefit from, the CDR Reforms. While both stakeholder submissions supported recovery from retail Market Customers on a \$/NMI fee basis, there was differing support for utilising the existing Electricity Retail Market fee as opposed to establishing a separate CDR Reforms fee.
Cost recovery commencement date and recovery period	<ul style="list-style-type: none"> The implementation of the CDR Reforms commenced in November 2022, with the expectation for all four tranches to be completed by the end of May 2024. A cost recovery start date of 1 July 2023 was proposed in the Consultation Paper so that costs already incurred (of which are the bulk of AEMO’s costs) in Tranche 1 and those expected to be incurred through Tranche 2 (May 2023) could start to be recovered. A cost recovery period of three years was proposed as the staggered implementation approach should be completed within this time. One stakeholder supported cost recovery as soon as possible, as well as the proposed recovery period of three years. The other stakeholder requested some costs to be extracted and only recovered after AEMO incurs them.



4 Discussion of Key Issues for Consultation

This section discusses the issues outlined in section 3 in further detail, highlights the options considered to address those issues incorporating stakeholder feedback, an assessment of each option against the NEO and the fee structure principles and AEMO’s draft determination on each matter.

The principles assessment key is as follows:

	Most aligned with the principle
	Partially aligned with the principle
	Least aligned with the principle

4.1 A Participant fee structure for the CDR declared NEM project

4.1.1 Issues summary and stakeholder submissions

As outlined in section 2.1 of this Draft Report, the CDR Reforms are determined to be a declared NEM project under clause 2.11.1(be) of the NER. Under clause 2.11(bf) of the NER, AEMO must comply with the NER consultation procedures when making a determination for a Participant fee structure for the CDR declared NEM project, including which Registered Participants will be charged the additional Participant fee.

Performance of the CDR functions by AEMO will occur via interactions with AEMO’s retail systems and activities only – no wholesale or network service provider systems or activities are utilised by AEMO to deliver these functions. AEMO’s role as a secondary data holder is to provide metering data, standing data and distributed energy resource data. The peer-to-peer model and associated obligations require a level of monitoring, reporting and system performance that is not standard to AEMO’s retail market operating model. Consequently, AEMO was required to develop new systems and processes to integrate and implement the CDR functions into the existing retail market systems, and will need maintain such systems and processes to ensure that they provide the CDR functionality.

Specifically, the retail systems and activities required to be enhanced by AEMO to facilitate the CDR reforms include:

- Implementation of six new APIs in accordance with the CDR standards for data delivery (implemented as part of Tranche 1).
- Additional functionality into MSATS to provide a last consumer change date field which defines when an account holder starts or ends at a premise (due to be implemented as part of Tranche 2⁴).

In its Consultation Paper, AEMO proposed two options for a Participant fee structure (see Table 5). AEMO received two submissions on these options – from AGL and Origin Energy. Existing core NEM fee and DER Integration program fee structures have not been considered as appropriate to recover costs for the CDR Reforms as those fee categories allocate costs to Wholesale Participants and TNSPs which would not be reflective of involvement in the provision of CDR functions.

⁴ AEMO notes there is currently a consultation underway to delay the effective date, however AEMO systems have already been updated to reflect the original date.

Table 5 Summary of Participant fee structure options

Example	Description
1. Use existing Electricity Retail Markets Participant fee structure for recovery of CDR costs	<ul style="list-style-type: none"> Recover AEMO’s costs to upgrade systems and perform the CDR functions using AEMO’s existing Electricity Retail Markets fee structure CDR costs to be allocated to Retailers using the existing Participant fee structure (i.e., \$/NMI) Existing structure of Electricity Retail Markets Participant fees to apply to the recovery of costs of the CDR declared NEM project for the remainder of the current Participant fee period, i.e. until 30 June 2026
2. A separate CDR declared NEM project fee	<ul style="list-style-type: none"> A new Participant fee structure developed to apply specifically to the recovery of costs associated with the CDR declared NEM project Requires determining which relevant Registered Participant/s to recover costs from as well as the attribution to be allocated to each Registered Participant Requires determining the relevant fee metric to apply to each of the Registered Participants The new Participant fee structure to apply until the end of the current Participant fee period (and the next general fee determination consultation would consider whether to continue applying the new fee structure) The costs of establishing an additional fee structure for the CDR declared NEM project compared to the benefits an additional fee structure would provide should also be considered

Both stakeholders who provided submissions responded to this issue – a summary of the main proposals is provided below.

Table 6 Summary of stakeholder views on Participant fee structure options

Option	Stakeholder	General Comments
Use existing Electricity Retail Markets Participant fee structure for recovery of CDR costs	Origin Energy	<ul style="list-style-type: none"> It is reasonable that Market Customers are the only category of participant for costs to be recovered from Recovery on a \$/NMI basis is appropriate
A separate CDR declared NEM project fee	AGL	<ul style="list-style-type: none"> A separate CDR reforms fee would allow participants to have full visibility over the fee Recovery from Retail Market Customers on a \$/NMI basis is appropriate

4.1.2 AEMO’s assessment

AEMO assessed the two main options proposed in its Consultation Paper and commented on by AGL and Origin Energy. A summary of AEMO’s assessment is shown below in Table 7.

Table 7 AEMO’s assessment on Participant fee structure options against the NEO and NER principles

Option	Principles and the NEO Assessment	General Comments
Use existing Electricity Retail Markets Participant fee structure for recovery of CDR costs	Simplicity	Pros <ul style="list-style-type: none"> Strongly aligns with all fee principles and the NEO Easy to implement from a systems perspective
	Reflective of involvement	
	Not unreasonably discriminate	

Option	Principles and the NEO Assessment	General Comments
	Recovery of AEMO's budgeted requirements on a specified basis	Cons <ul style="list-style-type: none"> Costs may not be as transparent compared to a separate fee
	NEO	
A separate CDR declared NEM project fee	Simplicity	Pros <ul style="list-style-type: none"> Aligns with most of fee principles and the NEO May provide greater transparency of project costs
	Reflective of involvement	
	Not unreasonably discriminate	Cons <ul style="list-style-type: none"> Harder to develop and implement compared to using existing fee structures The complexity and costs of establishing a separate fee are not commensurate with the project costs to be recovered
	Recovery of AEMO's budgeted requirements on a specified basis	
	NEO	

4.1.3 AEMO's draft proposal

Based on the above assessment and stakeholder feedback, AEMO proposes to use the existing Electricity Retail Markets fee with costs to be recovered from Market Customers on a \$/NMI basis in order to recover the costs of the CDR declared NEM project.

This is proposed because:

- It better aligns with all fee principles and the NEO than the option to establish a new and separate CDR Reforms fee structure.
- This fee structure only applies an additional fee to the Participants impacted by the CDR Reforms (either because they have a role in, or benefit from, the CDR Reforms) that is, retailers.
- Performance of the CDR functions by AEMO will occur via interactions with AEMO's retail systems and activities. The costs associated with these are all allocated to the Electricity Retail Markets fee category.
- The \$/NMI fee metric for the Electricity Retail Markets fee accurately reflects the manner in which retailers involved in the CDR Reforms can be charged.
- It maintains simplicity across AEMO's fee recovery process as it is consistent with an existing fee structure utilised by AEMO.

While the costs associated with the CDR declared NEM project under this fee proposal may not be as transparent as they would be through a separate fee, other processes, including [the Financial Consultative Committee (FCC) and] AEMO's consultation for its annual budget that will provide this transparency. Additionally, AEMO can include the fee associated with the CDR declared NEM project as a separate line item within the Electricity Retail Markets fee, as is currently done for some of the costs associated with the Five-Minute Settlement Global Settlement (5MS/GS) program.

4.2 Cost recovery commencement date and recovery period

4.2.1 Issues summary and stakeholder submissions

Section 2.2.1 outlined the anticipated timeline of delivery for the four tranches of the CDR Reforms which highlighted that implementation for all four tranches is expected to be completed by the end of May 2024.

As identified in the consultation timeline in Table 1, a Participant fee structure for the CDR declared NEM project may be in place for up to three years of the current Participant fee period until the next general determination of Participant fees is made. The fee structure determined for the CDR declared NEM project through this consultation will be reconsidered in the consultation for the next general determination of Participant fees.

The start date and appropriate period/s over which cost recovery will occur will be determined through this consultation. AEMO proposes to commence recovering these costs on 1 July 2023 for period of three years, i.e. until 30 June 2026.

Both stakeholders submissions responded to the question of an appropriate commencement date – a summary of the main proposals is provided below.

Table 8 Summary of stakeholder views on cost recovery commencement date and period

Option	Stakeholder	General Comments
Commence 1 July 2023 for a period of three years	AGL	<ul style="list-style-type: none">Supportive of recovery commencing as soon as possible and a recovery period of three years
Other – Delay cost recovery of some costs	Origin Energy	<ul style="list-style-type: none">Costs should only be recovered once they are known (i.e. after they have been incurred by AEMO)Due to a possible delay in MSATS change for last customer change date (LCCD) from May 2023 to November 2023, some costs will not be incurred until a later date

4.2.2 AEMO's assessment

AEMO considered both options highlighted in Table 8.

AEMO acknowledges stakeholder feedback that due to a delay to one of the tranches, the full costs of implementation may not yet be known and AEMO should not be recovering these before they have been incurred. AEMO understands that this feedback relates to a proposed release on 30 May 2023 in MSATS for a new field LCCD to identify when an account holder moves into a site or moves out of a site. A separate consultation is currently underway to change the effective date of the obligation to populate the data for the LCCD field from 30 May 2023 to 1 November 2023. The outcome of that consultation will not change the timeline for development (and associated costs) of the LCCD field for MSATS which is due for completion by 30 May 2023. This date change will not impact AEMO's obligations to perform CDR functions and AEMO confirms that the cost to implement a LCCD field in MSATS has already been incurred by it, regardless of the outcome of this consultation.

4.2.3 AEMO's draft proposal

After considering the two options for cost recovery commencement date and period in Table 8, AEMO's draft proposal is to commence cost recovery for the CDR declared NEM project on 1 July 2023 and to recover these costs for a period of three years because:

- This start date would allow recovery of costs to commence as soon as possible since Tranches 1 and 2 (effective November 2022 and May 2023 respectively) would be implemented by this time. AEMO has already incurred the costs of making the system enhancements for these changes as outlined in section 4.1.1.
- This period for recovery aligns with the staggered implementation of the CDR Reforms (which are expected to be completed in May 2024), and the remainder of the current Participant fee period. The next general determination of Participant fees would then reconsider the most appropriate fee structure for the recovery of costs associated with the CDR reforms, if required.

4.3 Draft structure of the CDR declared NEM project Participant fee

AEMO's draft determination for a Participant fee structure for the CDR declared NEM project is to use the existing Electricity Retail Markets Fee – charging Market Customers with a retail licence and levied on a per connection point basis, per week, from 1 July 2023 to 30 June 2026.

A1. Fee structure principles

Fee Structure Principle	Requirement	Application and examples
National Electricity Objective (NEO)	<p>In determining Participant fees, AEMO must have regard to the national electricity objective.</p> <p>The objective of the NEL is to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to—</p> <p>(a) price, quality, safety, reliability and security of supply of electricity; and</p> <p>(b) the reliability, safety and security of the national electricity system</p>	<p>The Second Reading Speech to the National Electricity (South Australia) (New National Electricity Law) Amendment Bill 2005 makes it clear that the NEO is an economic concept and should be interpreted as such.</p> <p>The Speech gives an example that investment in and use of electricity services will be efficient when services are supplied in the long run at least cost, resources, including infrastructure, are used to deliver the greatest possible benefit and there is innovation and investment in response to changes in consumer needs and productive opportunities.</p> <p>The Speech goes on to state that the long-term interests of consumers of electricity requires the economic welfare of consumers, over the long term, to be maximised.</p> <p>If the NEM is efficient in an economic sense, the long-term economic interests of consumers in respect of price, quality, reliability, safety and security of electricity services will be maximised. Applying an objective of economic efficiency recognises that, in a general sense, the NEM should be competitive, that any person wishing to enter the market should not be treated more, or less, favourably than persons already participating, and that particular energy sources or technologies should not be treated more, or less, favourably than others.</p> <p>Since 2006, the NEO has been considered in a number of Australian Competition Tribunal determinations, which have followed a similar interpretation. See, for example, Application by ElectraNet Pty Ltd (No 3) [2008] ACompT [15]:</p> <p>“The national electricity objective provides the overarching economic objective for regulation under the Law: the promotion of efficient investment in the long term interests of consumers. Consumers will benefit in the long run if resources are used efficiently, i.e. resources are allocated to the delivery of goods and services in accordance with consumer preferences at least cost.”</p> <ul style="list-style-type: none"> • The NEO is clearly a relevant consideration where AEMO has to exercise judgment or discretion in reaching its determination, for example, if there is a number of Participant fee structures each of which can satisfy the Fee Structure principles, or where the relevant provisions of the Rules are ambiguous.
Simplicity	<p>The structure of Participant fees should be simple</p>	<p>As “simple” is not defined in the Rules, it must be given its ordinary meaning as understood in the context of clause 2.11 of the Rules.</p> <p>The New Shorter Oxford English Dictionary’s definition of “simple” (in this context) is: “not complicated or elaborate” and “plain, unadorned”. Whether a fee structure fits these definitions is largely a matter of judgement.</p> <p>There is a wide range of possible fee structures. There is no single identifiable point where “simple” becomes “complicated”.</p> <p>It is clear from this provision that a certain degree of complexity was envisaged in that the structure of Participant fees may involve several components and budgeted revenue consists of several elements. The structure of Participant fees need not demonstrate absolute simplicity.</p> <p>The simplest fee structures are unlikely to be consistent with the other criteria. However, it is possible to find fee structures that, while consistent with the other criteria, are relatively simple, in comparison to alternative structures.</p> <p>Further, AEMO considers that the use of the word “simple” in this context also involves a degree of transparency.</p> <p>AEMO considers that the simplicity principle means that the basis of the fee structure and its application to various Registered participants should be:</p>

Fee Structure Principle	Requirement	Application and examples
		<ul style="list-style-type: none"> • straight-forward • easily understood by participants • readily applied by Registered participants and AEMO • foreseeable and forecastable in terms of impacts and costs.
Reflective of Involvement	<p>The components of Participant fees charged to each Registered Participant should be reflective of the extent to which the budgeted revenue requirements for AEMO involve that Registered Participant</p>	<p>In determining whether the extent to which the budgeted revenue requirement relating to a particular output involves a class of Registered Participant, AEMO relies on the experience and expertise of its general managers and staff, and considers factors such as the degree to which the class of Registered Participant:</p> <p>(a) interacts with AEMO in relation to the output; (b) uses the output; (c) receives the output; and (d) benefits from the output.</p> <p>AEMO also considers how the revenue requirements are given rise to, or caused by, that class of Registered Participant's presence in the NEM. AEMO must determine the structure of Participant fees "afresh".</p> <p>That is, it must freshly consider the application of the criteria in clause 2.11.1 of the Rules and the NEL to the facts and analysis available to it at this time.</p> <p>In doing so, however, AEMO will have regard to its previous determinations under clause 2.11.1 of the Rules, where appropriate.</p> <p>The principle of "reflective of extent of involvement" does not have a specialised meaning in economics. It is consistent with the economic notion of 'user pays' but as a matter of ordinary language, it indicates a degree of correspondence (between AEMO and its costs and participants) without connoting identity.</p> <p>However, this principle does not involve a precise degree of correspondence.</p> <p>Where fixed and common costs are involved, multiple registered participants may be involved with AEMO costs in relevantly similar ways. AEMO's analysis and experience shows that there are categories or classes of Registered Participants that share certain characteristics that mean that the way in which they interact with AEMO is likely to have the same or similar cost implications for AEMO.</p> <p>Where it is practical for AEMO to identify costs that are fixed or common in nature that can reasonably be allocated to a class or classes of Participants that share characteristics such that their involvement with AEMO's outputs is likely to have the same or similar cost implications, AEMO will seek to do so.</p>
Non-discriminatory	<p>Participant fees should not unreasonably discriminate against a category or categories of Registered Participants</p>	<p>In past Participant Fee determinations, AEMO (and its predecessor, NEMMCO) adopted the following definition of discriminate:</p> <p>"Discriminate means to treat people or categories of people differently or unequally. Discriminate also means to treat people, who are different in a material manner, in the same or identical fashion. Further, "discriminate against" has a legal meaning which is to accord "different treatment ... to persons or things by reference to considerations which are irrelevant to the object to be attained".</p> <p>This principle allows AEMO to discriminate against a category or categories of Registered participants where to do so would be reasonable.</p> <p>Where a degree of discrimination between categories of Registered Participants is necessary or appropriate to achieve consistency with the other principles in clause 2.11.1(b) of the Rules, or the NEL, the discrimination will not be "unreasonable".</p> <p>In considering a past fee determination, the Dispute Resolution Panel accepted that this principle is to be applied to the extent practicable and it is only unreasonable discrimination that offends.</p>

Fee Structure Principle	Requirement	Application and examples
Comparability	<p>In developing, reviewing and publishing, the structure of Participant fees, AEMO must consider other fee structures in existence which it thinks appropriate for comparison purposes.</p> <p>Note that this is not strictly a principle but is included for completeness in describing the matters for which AEMO must have regard.</p>	<p>Other relevant fee structures could include:</p> <ul style="list-style-type: none"> • Other electricity market fee structures such as Western Australia or globally • Gas markets operated by AEMO

A2. Summary of submissions and AEMO responses

Consulted person	Key points	AEMO response
1. AGL	a) Supports recovery via a separate CDR reform fee from Retail Market customers on a \$/NMI basis.	<p>Noted.</p> <p>AEMO acknowledges AGL's preference to establish a separate fee for the CDR reform. However, as identified in sections 4.1.2 and 4.1.3 of the Draft Report, the complexities and costs associated with establishing a new fee for recovery of these costs, which are not a significant amount, for a period of only three years would outweigh the benefits of any new fee, particularly when an existing fee structure is already in place and appropriate to apply.</p> <p>Further, AEMO is able to include the costs associated with the CDR Reforms as a separate line item within the Electricity Retail Markets fee, as is currently done for some of the costs associated with the Five-Minute Settlement Global Settlement (5MS/GS) program within AEMO's fees, if preferred.</p>
	b) Supports recovery commencing as soon as possible for a 3-year recovery period.	Noted.
2. Origin Energy	a) Supports recovery from Market Customers on a \$/NMI basis (noting costs will be recovered through the Electricity Retail Market fees).	Noted.
	<p>b) Noted that since the release of the Consultation Paper, AEMO has agreed to delay the MSATS change for last customer change date from May 2023 to November 2023, further noting:</p> <ul style="list-style-type: none"> - a delay in obligation and therefore costs will not be incurred until a later date - support for this cost being extracted from the cost estimate and only being included when the cost is known and incurred by AEMO. 	<p>AEMO acknowledges Origin Energy's comment on this delay.</p> <p>While AEMO notes that any requests or comments related to the quantum of the program is not in scope of this consultation (as this aspect is to be addressed via AEMO's Financial Consultative Committee (FCC) and annual budget process), AEMO understands that this change refers to a proposed release on 30 May 2023 in MSATS for a new field Last Consumer Change Date (LCCD) to</p>

Consulted person	Key points	AEMO response
	<p>c) Noted there is a lack of transparency on costs and there was no breakdown of how costs were determined and whether they are reasonable and efficient:</p> <ul style="list-style-type: none"> - Cost estimate by HoustonKemp was vastly different to AEMO's. - Queries around the costs allocated to MSATS functionalities to determine whether they appear reasonable. - \$410,000 per annum ongoing operating costs appear high since AEMO has no role in compliance or reporting with CDR Rules nor deals with any complaints with respect to CDR data requests – all obligations are on data holders – therefore clarity is sought on what functions are included with the ongoing costs category. 	<p>identify when an account holder moves into a site or moves out of a site. AEMO acknowledges a consultation is currently underway to change the effective date to 1 November 2023. However, should the effective date be moved to 1 November 2023, the costs to design, build and test IT systems to include the LCCD field have already been incurred. This change of date does not delay the remainder of AEMO's obligations to provide CDR requirements generally, noting many CDR obligations are staggered. .</p> <p>As noted in response to 2b, the quantum of the CDR reform is not within scope of this consultation but within scope of the FCC and AEMO's annual budgeting process. However, AEMO's costs in relation to the CDR reform relate to both labour and IT/cloud costs for the implementation and ongoing operation of the CDR architecture. The data model for energy rests on a peer-to peer access model that allocates responsibilities between energy retailers and AEMO when responding to consumer data requests.</p> <p>AEMO notes the HoustonKemp cost estimates were provided in 2018 and related to an option which had AEMO as the only data provider commencing in 2019. This model was rejected during the design consultation for the energy CDR. AEMO is now the secondary data holder with retailers as the primary data holders. This has meant a change to the service delivery AEMO provides as well as our costs. We also note that the timing of commencement was delayed to 2021 (rather than the initial proposal of 2019).</p> <p>Further, AEMO notes that through its role as a secondary data holder to provide metering data, standing data and distributed energy resource data in the operation of CDR, AEMO is required to comply with 9.4 of the CDR Rules and provide reporting to the ACCC. These obligations require a level of monitoring, reporting and system performance that is not standard to AEMO's retail market operating model. Consequently, this has required AEMO to</p>

Consulted person	Key points	AEMO response
		develop new systems and processes to integrate and implement the CDR reform into the existing retail market systems, and therefore created the obligation to maintain such systems and processes.
	d) Proposes that Accredited Data Recipients (ADRs) should be charged on a 'user pays' basis as they benefit from the operation of CDR.	AEMO acknowledges that ADRs are involved in the operation of CDR. Further, under clause 2.11.1 of the NER, AEMO can only recover its fees from Registered Participants – ADRs are not a Registered Participant.

A3. Registered Participants (current)

Participant category	Description	Registered participant class
Generators	Any person who owns, controls or operates a generating system connected to a transmission or distribution network	<ul style="list-style-type: none"> • Market Scheduled • Market Non-scheduled • Market Semi-scheduled • Non-market Scheduled • Non-market Non-scheduled • Non-market Semi-scheduled
Small Aggregated Generator	An SGA can supply electricity aggregated from one or more small generating units, which are connected to a distribution or transmission network. A small generating unit is owned, controlled and/or operated by a person who AEMO has exempted from the requirement to register as a generator.	<ul style="list-style-type: none"> • Market Small aggregated generator
Customers	A customer is a registered participant that purchases electricity supplied through a transmission or distribution system to a connection point	<ul style="list-style-type: none"> • Market customer • First-tier customer • Second-tier customer
Network Service Providers	A person who owns, operates or controls a transmission or distribution system	<ul style="list-style-type: none"> • Transmission network service provider • Distribution network service provider • Market network service provider
Special Participant	<p>A delegate appointed by AEMO to carry out, on AEMO's behalf, some or all of AEMO's rights, functions and obligations under Chapter 4 of the Rules.</p> <p>A Distribution System Operator who is responsible, under the Rules or otherwise, for controlling or operating any portion of a distribution system (including being responsible for directing its operations during power system emergencies).</p>	<ul style="list-style-type: none"> • System operator • Distribution system operator
Reallocator	Anyone that wishes to participate in a reallocation transaction undertaken with the consent of two market participants and AEMO	<ul style="list-style-type: none"> • Reallocator
Trader	Anyone who wants to take part in a Settlements Residue Auction (SRA), and is not already registered as a customer or generator	<ul style="list-style-type: none"> • Trader
Metering Coordinator	Has the overall responsibility for coordination and provision of metering services at a connection point in the NEM	<ul style="list-style-type: none"> • Metering coordinator
Market Ancillary Service Provider (MASP)	Delivers market ancillary services in accordance with AEMO's market ancillary services specifications, by offering a customer's load, or an aggregation of loads into FCAS markets.	<ul style="list-style-type: none"> • Market ancillary service provider
Demand Response Service Provider (DRSP)	<p>A person who offers and provides load as either or both:</p> <p>(a) wholesale demand response in respect of a wholesale demand response unit; and</p> <p>(b) a market ancillary service in respect of ancillary service load,</p>	<ul style="list-style-type: none"> • Demand response service provider