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Mr Westerman
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Submitted by email: reformdevelopmentandinsights@aemo.com.au

Dear Mr Westerman

AusNet appreciates the opportunity to provide feedback to Australian Energy Market Operator's (**AEMO**) Draft Determination on the structure of participant fees for the National Electricity Market (**NEM**) 2025 reform program.

AusNet supports the draft decision to recover costs of the NEM2025 reform program as a separate fee allocated to Wholesale Participants (27.5%) and Market Customers (72.5%). This approach is more efficient than keeping the current fee structure, by allocating costs to contestable parties that will mostly benefit from the NEM 2025 reform program and are either in:

- direct control of their cost of participation in the wholesale market in the case of generators and other service providers; or
- control of their unit prices in the contestable retail market in the case of market customers.

Allocating costs to Transmission Network Service Providers (**TNSP**) and Distribution Network Service Providers (**DNSP**) would not be reflective of the causer or beneficiary pays principles and would have been an inefficient approach to recovering costs from electricity customers.

While AEMO has based their draft decision in part on the 'involvement' principle, the application of the involvement principle is inconsistent with other aspects of the regulatory framework in the National Electricity Market (**NEM**) that generally promote a beneficiary pays and an efficiency approach. In some cases, the use of the involvement principle can be aligned with the beneficiary pays principle (as is the case with the proposed new fee structure). We suggest AEMO seek to clarify the principles behind participant fees in Chapter Two of the National Electricity Rules to be consistent with the broader NEM regulatory framework and provide clear guidance to participants.

With regard to existing fees and any future iterations that may allocate costs to NSPs, it is important to note NSPs require advance notice and accurate forecasts of AEMO fees in order to recover these costs under the regulatory framework. We appreciate AEMO's commitment to consider these network specific requirements in the newly established Participant Fee Consultative Commit (PFCC), on which Energy Networks Australia is represented, and we will continue to engage with AEMO through this process.

If you have any questions regarding this submission, please contact Eliza Cochrane by email on Eliza.Cochrane@ausnetservices.com.au.

Sincerely,



Charlotte Eddy
General Manager Regulation (Distribution)
AusNet Services