



NSW/ACT FULL RETAIL  
CONTESTABILITY GAS  
FINAL BUDGET AND FEES  
2017-18

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Note – all amounts quoted in this document are exclusive of GST.



# 1. INTRODUCTION

AEMO operates on a cost recovery basis as a company limited by guarantee under the Corporations Act (2001). AEMO fully recovers its operating costs through fees paid by participants.

AEMO has a broad range of functions and each is underpinned by a fee structure developed in consultation with stakeholders and in line with national rule requirements. The fee structures detail how AEMO will calculate fees and who will be charged. The current participant fee structure for AEMO's gas markets is from 1 July 2015 to 30 June 2018.

AEMO's annual budget sets out the amounts that will be charged under these fee structures.

This reports provides a view of the 2017-18 NSW/ACT FRC gas fee, revenue and expenses, and fee estimates for the following four-year period.

For any questions relating to this report please contact Jack Fitcher, Chief Financial Officer, on 03 9609 8506 or via email on [jack.fitcher@aemo.com.au](mailto:jack.fitcher@aemo.com.au).

## 2. NSW/ACT FULL RETAIL CONTESTIBILITY GAS

### 2.1 Fees

AEMO’s 2016-17 fee increase related to the harmonisation of the NSW and ACT retail gas systems with those in Victoria, Queensland and South Australia.

The 2017-18 fee is \$0.16918, which is a 1% increase on the 2016-17 budget but lower than estimated in last year’s budget. The fee is expected to remain relatively flat in forward years.

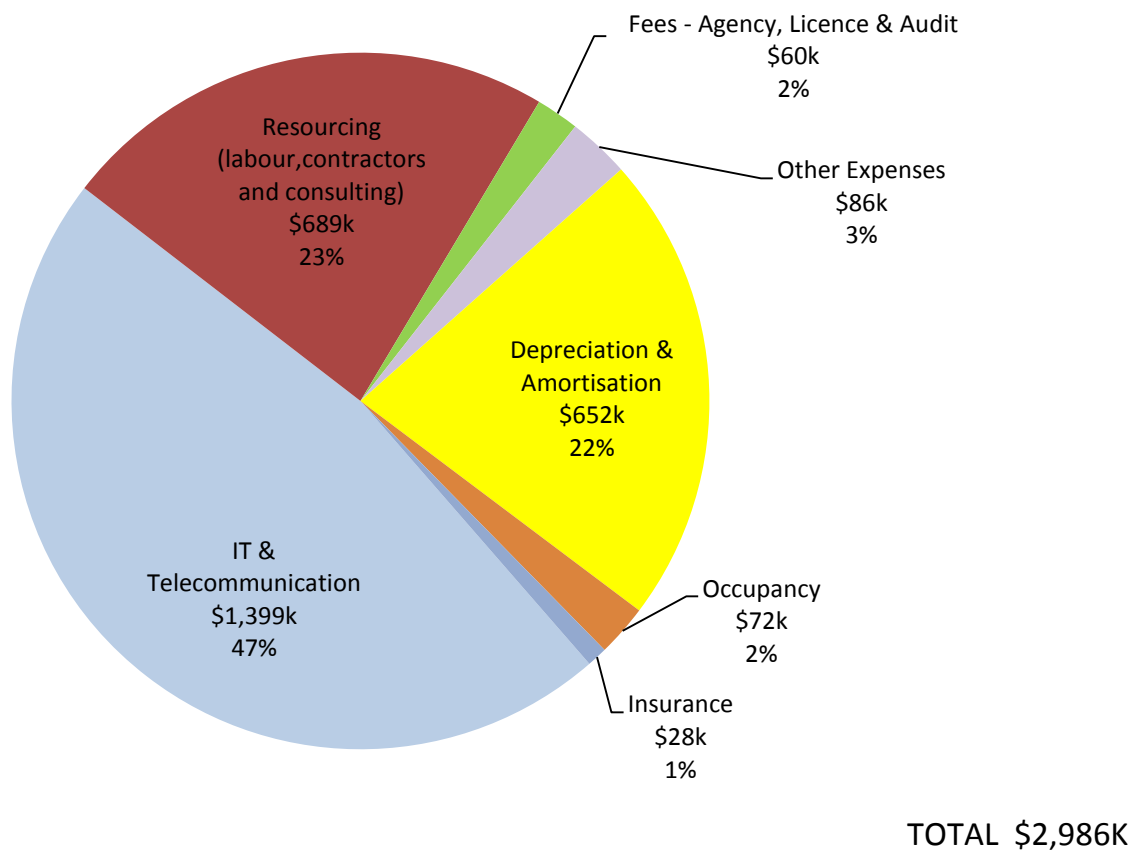
**Table 1 NSW/ACT FRC Gas projected fees**

	Actual 2016-17	Budget 2017-18	Estimate 2018-19	Estimate 2019-20	Estimate 2020-21	Estimate 2021-22
FRC fee	0.16750	0.16918	0.17087	0.17258	0.17258	0.17258
(\$ per customer supply point per month)	+45%	+1%	+1%	+1%	+0%	+0%

### 2.2 Revenue and Expenditure

The expenditure is detailed below in Figure 1 by expenditure category

**Figure 1 Expenditure by category 2017-18**



**Table 2 Profit and Loss statement 2017-18 and comparison**

	Budget	Budget	Variance	
	2016-17 \$'000	2017-18 \$'000	\$'000	%
Fees and tariffs	3,000	3,131	131	+4%
Other Revenue	12	0	(12)	-100%
<b>Total Revenue</b>	<b>3,012</b>	<b>3,131</b>	<b>119</b>	<b>+4%</b>
Resourcing (labour, contractors and consulting)	609	689	81	+13%
Fees - Agency, Licence & Audit	56	60	4	+6%
IT & Telecommunication	1,682	1,399	(283)	-17%
Occupancy	81	72	(9)	-11%
Insurance	35	28	(7)	-21%
Other Expenses	99	86	(13)	-13%
Depreciation & Amortisation	524	652	129	+25%
<b>Total Expenditure</b>	<b>3,085</b>	<b>2,986</b>	<b>(99)</b>	<b>-3%</b>
Surplus/(Deficit)	(73)	145	218	
Brought Forward Surplus/(Deficit)	210	(394)	(604)	
<b>Accumulated Surplus/(Deficit)</b>	<b>137</b>	<b>(249)</b>		

**Key Points:**

- Revenue for 2017-18 is estimated to be \$0.1M (4%) higher than the 2016-17 budget.
- Expenditure for 2017-18 is estimated to be \$0.1M (3%) lower than the 2016-17 budget. This is mainly due to:
  - **IT & Telecommunication costs (-\$0.3M)**  
IT & telecommunication costs are budgeted to decrease in 2017-18, mainly due to the renegotiation of support contracts.
  - **Depreciation and Amortisation costs (+\$0.1M)**  
Depreciation and amortisation costs are budgeted to increase in 2017-18, due to the NSW/ACT retail gas harmonisation project which went live on 2 May 2016. The 2017-18 budget includes a full year of depreciation for these assets.



### 3. GAS STATEMENT OF OPPORTUNITIES

Gas Statement of Opportunities (GSOO) costs are recovered via charges to retailers in AEMO's Full Retail Contestability (FRC) gas markets on a fee per meter basis.

Costs for this function have increased due to additional work required for the National Gas Forecasting Report (NGFR).

The 2017-18 fee is lower than the fee estimated as part of the 2016-17 budget process.

**Table 3 Gas SOO projected fees**

Fee	Actual 2016-17	Budget 2017-18	Estimate 2018-19	Estimate 2019-20	Estimate 2020-21	Estimate 2021-22
Gas Statement of Opportunities	0.03198	0.03518	0.03870	0.04257	0.04257	0.04257
(\$ per customer supply point per month)	+13%	+10%	+10%	+10%	+0%	+0%



## 4. ENERGY CONSUMERS AUSTRALIA

In May 2014, the Council of Australian Governments (COAG) Energy Council approved the establishment of Energy Consumers Australia (ECA) to promote the long term interests of energy consumers, in particular residential and small business customers.

AEMO is required to recover the funding for the ECA from market participants.

Table 4 reflects the fee to be collected for 2017-18.

**Table 4 ECA projected fees**

ECA Fees	Actual 2016-17	Budget 2017-18
Gas (\$ / customer supply point per month)	0.03183 +2%	0.03199 +1%



## LIST OF SYMBOLS AND ABBREVIATIONS

Term	Definition
ACT	Australian Capital Territory
AEMO	Australian Energy Market Operator
COAG	Council of Australian Governments
ECA	Energy Consumers Australia
FRC	Full Retail Contestability
GSOO	Gas Statement of Opportunities
NA	not applicable
NSW	New South Wales
TBC	to be confirmed