



# Queensland FRC Gas 2018-19 AEMO Final Budget and Fees

**June 2018**

Australian Energy Market Operator Limited

# Executive Summary

## Introduction

AEMO operates on a cost recovery basis as a company limited by guarantee under the Corporations Act (2001). AEMO recovers all 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 the national rule requirements. The fee structures detail how AEMO will calculate fees and who will be charged. AEMO's annual budget sets out the amounts that will be charged under these fee structures.

This report provides a view of the final 2018-19 Queensland FRC gas fees, revenue and expenses, and fee estimates for the following four-year period.

### The key points of the 2018-19 final budget are:

- Fees is proposed to remain the same in 2018-19 to return prior year accumulated surplus.
- AEMO will continue to manage our costs prudently to reduce the impact of fee increases to market participants, and we will identify further opportunities for efficiencies.

**Support, implement, operate retail market and manage data settlement.**

## 1.1 Summary of Fees

Table 1 Summary of Fees

Fee	Actual 2017-18	Budget 2018-19	Estimate 2019-20	Estimate 2020-21	Estimate 2021-22	Estimate 2022-23
FRC Fee	0.22256	0.22256	0.24482	0.26930	0.29623	0.32585
(\$ per customer supply point per month)	-15%	+0%	+10%	+10%	+10%	+10%

## 1.2 Contact for inquiries

### AEMO contact for inquiries

For all queries on budget and fees, please contact:

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# Contents

<b>Executive Summary</b>	<b>2</b>
1.1 Summary of Fees	2
1.2 Contact for inquiries	2
<b>2. Queensland (Qld) FRC Gas</b>	<b>4</b>
2.1 Fees	4
2.2 Revenue and Expenditure	5
<b>3. Gas Statement of Opportunities (GSOO)</b>	<b>6</b>
3.1 Fees	6
<b>4. Energy Consumers Australia (ECA)</b>	<b>7</b>
<b>List of Abbreviations</b>	<b>8</b>

# Tables

Table 1 Summary of Fees	2
Table 2 Qld FRC gas projected fees	4
Table 3 Profit and Loss statement 2018-19 and comparison	5
Table 4 GSOO projected fee	6
Table 5 ECA projected fee	7

# Figures

Figure 1 Expenditure by category 2018-19	5
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# 2. Queensland (Qld) FRC Gas

## 2.1 Fees

**Purpose of this function** AEMO operates FRC gas markets in Victoria, Queensland, South Australia, New South Wales and Western Australia.

The purpose of the FRC gas markets are to provide the services and infrastructure to allow gas consumers to choose their retailer while also providing the business to business interactions to support efficient operation of the market.

The following broad services are provided:

- Support retail market functions and customer transfers
- Manage data for settlement purposes
- Implement market procedure changes
- Operate the central IT systems that facilitate retail market services.

**Fees** The current Queensland FRC Gas fee is \$0.22256 per customer supply point/month. This fee will remain the same in 2018-19 to a return prior year surplus. The fee is then expected to increase in the following years after the return of the surplus to reflect a conservative forecast of customer supply points coupled with CPI increase in operational costs.

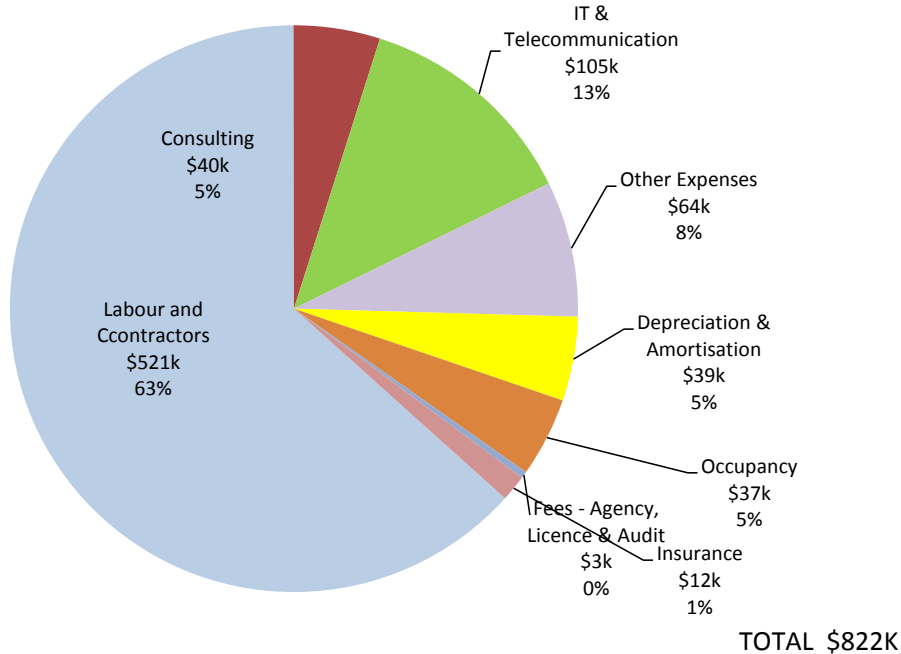
**Table 2 Qld FRC gas projected fees**

Fee	Actual 2017-18	Budget 2018-19	Estimate 2019-20	Estimate 2020-21	Estimate 2021-22	Estimate 2022-23
FRC Fee (\$ per customer supply point per month)	0.22256 -15%	0.22256 +0%	0.24482 +10%	0.26930 +10%	0.29623 +10%	0.32585 +10%
Initial Registration Fee (\$ per participant)	5,760 +0%	5,760 +0%	TBC	TBC	TBC	TBC

## 2.2 Revenue and Expenditure

The expenditure is detailed below in Figure 1 by expenditure category

**Figure 1 Expenditure by category 2018-19**



**Table 3 Profit and Loss statement 2018-19 and comparison**

	Budget	Budget	Variance	
	2017-18 \$'000	2018-19 \$'000	\$'000	%
Fees and tariffs	558	580	21	+4%
Other Revenue	20	8	(12)	-58%
<b>Total Revenue</b>	<b>579</b>	<b>588</b>	<b>9</b>	<b>+2%</b>
Labour and Contractors	341	521	180	+53%
Consulting	24	40	16	+67%
Fees - Agency, Licence & Audit	3	3	(0)	-3%
IT & Telecommunication	73	105	32	+44%
Occupancy	31	37	6	+19%
Insurance	11	12	1	+10%
Other Expenses	47	64	17	+37%
Depreciation & Amortisation	32	39	7	+22%
<b>Total Expenditure</b>	<b>563</b>	<b>822</b>	<b>260</b>	<b>+46%</b>
Surplus/(Deficit)	16	(234)	(250)	
Brought Forward Surplus/(Deficit)	812	445	(367)	
<b>Accumulated Surplus/(Deficit)</b>	<b>828</b>	<b>212</b>		

# 3. Gas Statement of Opportunities (GSOO)

## 3.1 Fees

**Purpose of this function** The purpose of the GSOO is to report the supply adequacy of eastern and south-eastern Australian gas markets to meet energy needs. AEMO publishes reports on demand and supply, and delivery constraints projected for the next 20 years.

Retailers across the FRC gas market jurisdictions are currently charged for GSOO costs at a flat rate per customer supply point.

**Fees** The current GSOO fee is \$0.03518 per customer supply point/month.

This fee is proposed to increase to 0.03799 or by +8% in 2018-19 and increases in future years due to additional work on the National Gas Forecasting Report (NGFR) and uplift in long term forecasting capability and additional insight reports to stakeholders.

**Table 4 GSOO projected fee**

Fee	Actual 2017-18	Budget 2018-19	Estimate 2019-20	Estimate 2020-21	Estimate 2021-22	Estimate 2022-23
Gas Statement of Opportunities (\$ per customer supply point per month)	0.03518	0.03799	0.04179	0.04597	0.04735	0.04877
	+10%	+8%	+10%	+10%	+3%	+3%

# 4. Energy Consumers Australia (ECA)

Purpose of this function	To promote long term interests of the energy customers, in particularly for residential customers and small business customers.
Fees	<p>AEMO is required to recover the funding for the ECA from market participants (i.e. pass through recovery). Total expenditure budgeted by the ECA to be recovered in 2018-19 is \$7.3m (+8% increase) (2017-18: \$6.8m).</p> <p>The gas ECA fee is \$0.03547 per customer supply point per month in 2018-19 (11% increase). This increase of 11% is higher than the 8% budgeted expenditure mainly due to an under recovery of costs from 2017-18.</p>
Other notes	<p>In November 2017 the Council of Australian Governments approved the ECA 2018-19 annual budget.</p> <p>For any questions on the ECA budget in 2018-19, contact Mohua Mukherjee, Director Governance and Operations at <a href="mailto:mohua.mukherjee@energyconsumersaustralia.com.au">mohua.mukherjee@energyconsumersaustralia.com.au</a>.</p>

**Table 5 ECA projected fee**

AEMO's ECA Fees	Actual 2017-18	Budget 2018-19
Gas (\$ / customer supply point per month)	0.03199 +1%	0.03547 +11%

# List of Abbreviations

<b>Term</b>	<b>Definition</b>
<b>AEMO</b>	Australian Energy Market Operator
<b>COAG</b>	Council of Australian Governments
<b>ECA</b>	Energy Consumer Australia
<b>FRC</b>	Full Retail Contestability
<b>GJ</b>	Gigajoule
<b>GPG</b>	Gas Powered Generation
<b>GSOO</b>	Gas Statement of Opportunities
<b>NA</b>	Not applicable
<b>QLD</b>	Queensland
<b>TBC</b>	To be Confirmed