



Western Australia 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 WA 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 compared to 2017-18.
- 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 Contact for inquiries

AEMO contact for inquiries

For all queries on budget and fees, please contact:

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2. Western Australia (WA) FRC Gas

2.1 Fees

Purpose of this function	<p>AEMO operates FRC gas markets in Victoria, Queensland, South Australia, New South Wales and Western Australia.</p> <p>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.</p> <p>The following broad services are provided:</p> <ul style="list-style-type: none"> • 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 fees for the 2018-19 year are proposed to remain consistent with 2017-18 fee levels.
Other	Accountability for the WA FRC Gas functions transferred from REMCO to AEMO on 31 October 2016.

Table 1 WA FRC gas projected fees

Fee		Actual 2017-18	Budget 2018-19
Market Share Charges	\$ per customer per month	0.13485	0.13485
Registration Fee	Member	12,951	12,951
	Associate Member	2,590	2,590
Annual Fee	Member	19,905	19,905
	Associate Member	3,881	3,881

2.2 Revenue and Expenditure

The expenditure is detailed below in Figure 1 by expenditure category

Figure 1 Expenditure by category 2018-19

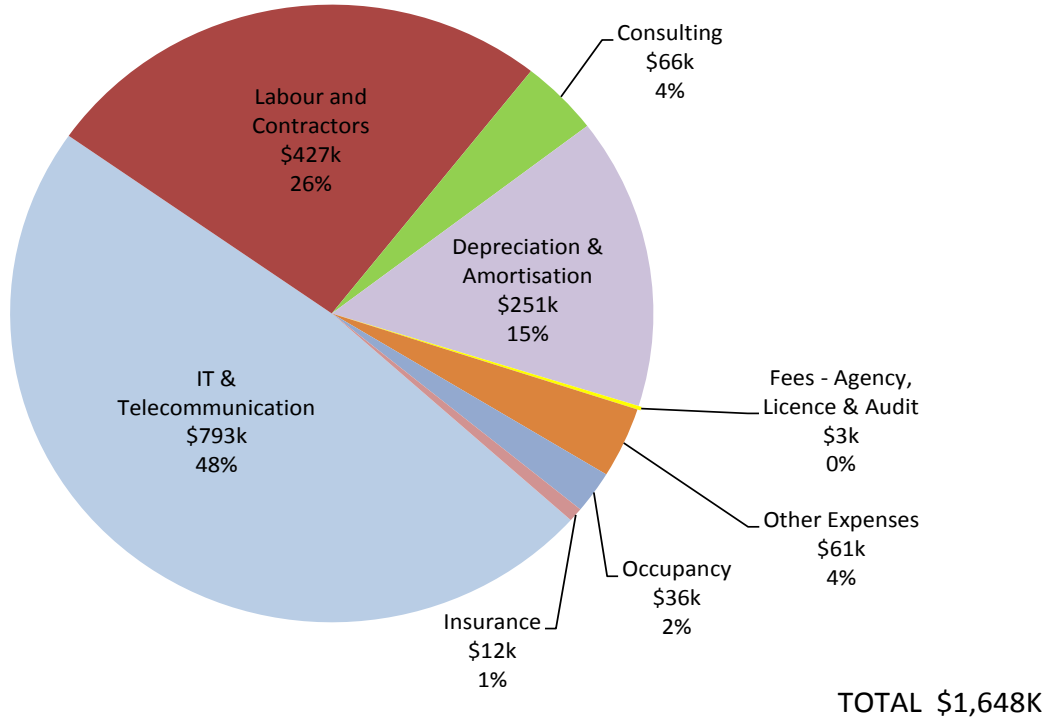


Table 2 Profit and Loss statement 2018-19 and comparison

	Budget	Budget	Variance	
	2017-18 \$'000	2018-19 \$'000	\$'000	%
Fees and tariffs	1,362	1,349	(13)	-1%
Total Revenue	1,362	1,349	(13)	-1%
Labour and Contractors	268	427	159	+59%
Consulting	52	66	14	+27%
Fees - Agency, Licence & Audit	89	3	(85)	-96%
IT & Telecommunication	827	793	(34)	-4%
Occupancy	34	36	2	+7%
Insurance	12	12	(0)	-1%
Other Expenses	50	61	11	+22%
Depreciation & Amortisation	30	251	221	+737%
Total Expenditure	1,361	1,648	287	+21%
Surplus/(Deficit)	1	(299)	(300)	
Brought Forward Surplus/(Deficit)	1	1,369	1,367	
Accumulated Surplus/(Deficit)	3	1,070		

Key points for 2018-19 profit and loss

Higher labour and contractor costs, couple with higher depreciation and amortisation costs due to projects planned in 2018-19.

List of Abbreviations

Term	Definition
AEMO	Australian Energy Market Operator
COAG	Council of Australian Governments
FRC	Full Retail Contestability
GJ	Gigajoule
GPG	Gas Powered Generation
NA	Not applicable
TBC	To be Confirmed
WA	Western Australia