

**IMPACT & IMPLEMENTATION REPORT (WA) – SUMMARY SECTION**

(For AEMO to complete and administer)

<b>Procedure Change Number</b>	IN004/17W.		
Impacted jurisdiction(s)	Western Australia.		
Proponent	Aden Barker	Company	Public Utilities Office (PUO)
Industry consultative forum(s) used	Procedure Change Committee (“PCC”)	Date concluded by Procedure Change Committee (“PCC”)	13/12/17
Procedure change ranking (as per Chapter 9): <ul style="list-style-type: none"> <li>▪ Non-substantial</li> <li>▪ Low impact</li> <li>▪ High impact</li> </ul>	Low Impact.		
Short description of change(s)	Regulator Fees to Recover Costs for the Economic Regulation Authority.		
Procedure(s) or documentation impacted	Retail Market Procedures (RMP) (WA) version 2.0.		
Summary of the change(s)	<p>The change proposed in this Impact and Implementation Report (IIR) involves adding a new clause 362B to the Retail Market Procedures (RMP) that provides a mechanism for the Economic Regulation Authority (the “Authority”) to recover the costs of its gas retail market-related administration functions from gas retail market participants via a ‘Regulator Fee’.</p> <p>See section 1 of this IIR for a more detailed explanation of the changes.</p> <p>This IIR has been prepared in accordance with clause 397 of the RMP and is raised for consideration by gas retail market participants as a low impact procedure change. As per clause 399A (1) (a) (ii) AEMO now seeks submissions on the proposed changes which can be e-mailed to <a href="mailto:pccwa@aemo.com.au">pccwa@aemo.com.au</a>.</p>		
I&IR prepared by	Danny McGowan	Approved by	Ruth Guest
Date IIR published	7/03/18	Date consultation concludes	23/03/18
Contact address for written responses	GPO Box 2008, Melbourne VIC 3001		
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Other key contact information			

## IMPACT & IMPLEMENTATION REPORT (WA) – DETAILED REPORT SECTION

### CRITICAL EXAMINATION OF PROPOSAL

<p>1. Description of change(s) and reasons for change(s)</p>	<p>The proposed changes contained in this IIR were developed by Public Utilities Office (POU) and raised for discussion as a Proposed Procedure Change (“PPC”) at the Procedure Change Committee (PCC) meeting on 13/12/17, 7/02/18 and 21/02/18. At the 13/12/17 meeting, the PCC endorsed the proposed amendments as described in attachment A as a low impact procedure change.</p> <p>Section 9 of this IIR outlines the consultation that has taken place since the 13/12/17 meeting. After considering several redrafts of the proposed new clause 362B, the PCC supported the version issued on the 26/02/18 and in accordance with clause 394(4) of the RMP (WA), recommends that AEMO accept the proposed changes. <b>Reasons why the proposed changes are needed:</b></p> <p>Section 11ZOF(4) of the Act indicates that provision is to be made in the documentation for a retail market scheme for:</p> <ul style="list-style-type: none"><li>(a) administration of the scheme;</li><li>(b) the cost of administration of the scheme to be met by the gas market participants;</li><li>(c) how those costs are to be borne as between the gas market participants.</li></ul> <p>The term ‘documentation’ in section 11ZOF(4) of the Act refers to the Procedures, Specification Pack, and FRC Hub Operational Terms.</p> <p>The Authority and the Public Utilities Office are of the view, developed in consultation with the State Solicitor’s Office, that the Procedures can include provisions to allow the Authority to recover its costs for market-related administration functions because:</p> <ul style="list-style-type: none"><li>• the Authority’s functions under the Act and the Procedures are necessary for the proper administration of the scheme, and ought to be understood as being administrative in character;</li><li>• recovery of the Authority’s costs of performing these functions is consistent with provisions of the Act that clearly contemplate that the costs of administration of the scheme are to be recovered from gas market participants who are members of the scheme; and</li><li>• recovery of the Authority’s costs is consistent with section 11ZOF(1)(b) of the Act, under which AEMO has become the entity that provides the ‘structure through which the scheme is administered’. That is, 11ZOF(1)(b) does not necessarily require or contemplate that all administrative action taken in administration of the scheme is to be performed solely by AEMO – the text of section 11ZOF(1)(b) is broad enough to encompass the involvement of others in the administration of the scheme (e.g. the Procedure change process largely occurs</li></ul>
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‘through AEMO’, but the Procedure Change Committee and the Authority also have roles).

The Procedures currently allow AEMO to recover costs to establish itself and to operate as the market administrator under the Procedures (see clause 362A).

However, the Procedures do not allow for the Authority to recover its costs for its gas retail market-related administration functions under the Act or the Procedures; which include:

- oversight of operation of the AEMO Retail Market Scheme (the “Scheme”);
- exemptions to Scheme membership;
- compliance enforcement with membership obligations under the Act;
- compliance enforcement with the Procedures for pipeline operators and prescribed persons; and
- approval of amendments to the Scheme.

The Authority’s services to the gas retail market provide benefits to all gas retail market participants (users and network operators), so to be consistent with the user-pays principle, the Authority’s costs for its gas retail market-related functions should be recovered by charging a ‘Regulator Fee’ to users and network operators.

However, network operators recover their costs from users, so it is not proposed to charge the Regulator Fee to network operators.

Further, the Regulator Fee could be a barrier to competition for self-contracting users, and self-contracting users are not retailers and receive limited services from the Authority, so it is not proposed to recover the Regulator Fee from self-contracting users.

Therefore, it is proposed that the Regulator Fee be charged to users, excluding self-contracting users.

The Authority sets its budget annually, and the budget is reviewed and approved by the Minister for Energy. This budget includes costs for the Authority’s gas retail market-related functions. Since the Authority’s costs for its gas retail market-related functions will be relatively small, it is proposed to recover these costs via an annual fee (\$/annum).

It is proposed to charge the annual fee based on the Authority’s approved budget, with an adjustment to address any variances between actual and budgeted costs from the previous year.

A draft new Procedure 362B is provided in Attachment A to this paper.

**Description of the proposed changes:**

The changes proposed to allow the Authority to collect this fee is to add a new clause 362B (see Attachment A).

There are no changes to any of AEMO or market participants WA gas retail market IT systems.

Subject to the appropriate approval being obtained, the proposed amendments will be published in a new version 4.0 of the RMP that is targeted for an effective date of 1/06/18.

The precise amendments are detailed in Attachment A of this IIR.

<p>2. Reference documentation</p> <ul style="list-style-type: none"> <li>▪ Retail Market Procedure (the “Procedures”);</li> <li>▪ AEMO Business/Information Specification Pack Reference; and/or</li> <li>▪ Other Reference.</li> </ul>	<p>Retail Market Procedures (RMP) (WA) version 2.0</p>
<p>3. The high-level details of the change(s) to the existing Procedure This includes:</p> <ul style="list-style-type: none"> <li>▪ a comparison of the existing operation of the Procedure to the proposed change to the operation of the Procedure; and</li> <li>▪ a marked up version of the proposed Procedure changes (see Attachment A)</li> </ul>	<p>As indicated in section 1, the proposed changes in this IIR is to add a new clause in the RMPs that allows charging the Regulator Fee to users, excluding self-contracting users. The precise amendments are detailed in Attachment A.</p>
<p>4. Explanation regarding the order of magnitude of the change (e.g. material, non-material or non-substantial)</p>	<p>The Authority currently receives 78% of its revenue through industry funding. This is in line with the Government intent that the Authority achieve full cost recovery for its regulatory functions. The Economic Regulation Authority Act 2003 requires the Authority to have an accounting system that enables it to track the cost of each of its functions under each written law. The Authority has a comprehensive cost allocation model that enables it to comply with that requirement. The estimate of costs for the Authority’s gas retail market function in 2017/18 is \$37,142. The cost estimate varies between \$36K and \$40K over the next five year estimates.</p> <p>Based on the current number of users (7), the Regulator Fee would be between \$5,100 and \$5,700 per participant per annum over the next five years.</p> <p>While the proposed procedure includes an annual adjustment mechanism for any under or over cost recovery, it is not anticipated that this will cause an unrealistic spike in the following year’s fee.</p> <p>The impact of the proposed amendments as described in this IIR are considered to be ‘low impact’ because the amendments:</p> <ul style="list-style-type: none"> <li>a) Do not materially impact the information technology systems of AEMO, participants, pipeline operators or prescribed persons;</li> <li>b) Do not materially alter consumer protection mechanisms under the Procedures; and</li> <li>c) Do not have a material commercial impact on AEMO, participants, pipeline operators or prescribed persons.</li> </ul>

**ASSESSMENT OF LIKELY EFFECT OF PROPOSAL**

<p>5. Overall Industry cost/benefit analysis (tangible / intangible / risk) and/or cost estimates</p>	<p>The change will introduce cost recovery of the Regulator Fee to users, excluding self-contracting users, which is in line with other cost recovery mechanisms for the Authority’s functions relating to energy markets.</p>
<p>6. The likely effect of the change(s) on stakeholders (e.g. industry or end-users)</p>	<p>The Authority will receive the correct remuneration from the people to whom it provides this service. To achieve this the Authority will need to set up an internal business process to determine what the Regulator Fee needs to be and notify AEMO.</p>
<p>7. Testing requirements</p>	<p>There are no testing requirements.</p>
<p>8. Consideration of the recommended Procedure change by AEMO under Rule 399.</p> <p>AEMO must either:</p> <ul style="list-style-type: none"> <li>▪ endorse the recommended Procedure change; or</li> <li>▪ reject the recommended Procedure change</li> </ul>	<p>In accordance with clause 394(5) AEMO has considered the proposed amendment and determined to accept the PCC recommendation. In accordance with clause 396(5) AEMO agrees with the PCC assessment that this change is a low impact procedure change.</p>
<p>9. Consultation forum outcomes (e.g. the conclusions made on the change(s), whether there was unanimous approval, any dissenting views)</p>	<p>At its meeting on 13/12/17, the PCC discussed the PPC developed by PUO that outlined the proposed amendments. Further minor amendments were agreed at this meeting whereby the PCC unanimously agreed to recommend the proposed procedure changes to AEMO as a low impact procedure change.</p> <p>On 8/01/18, AEMO issued a draft IIR to the PCC for feedback. Attachment B contains the feedback that was received and AEMO’s response to each feedback item.</p> <p>At the 7/02/18 PCC meeting, AEMO presented the feedback received and sought the PCC’s further comments on AEMO assessment that the proposal remain unchanged. All “User” PCC members agreed that they would not support this proposal unless further changes were made to address their concerns about significant changes to the fee amount and increased lead times. Synergy noted that they had further concerns in that they opposed the idea of a flat fee and the concept of limiting the fee to Users that are not self-contracting users and therefore would not support the proposal.</p>

	<p>On the 12/02/18, AEMO issued a redrafted clause 362B that the PUO and ERA considered would address the majority of the key issues raised.</p> <p>On the 20/02/18, AEMO received a further redraft of clause 362B from Kleenheat, AGL, Origin Energy, Synergy and Alinta Energy.</p> <p>On the 21/02/18, the PCC met with the proponents of the change to discuss the redrafted 362B that AEMO had received on 20/02/18. Further minor changes were agreed at that meeting.</p> <p>On the 26/02/18, AEMO issued a further revised version that included minor changes proposed by Alinta and sought feedback from the PCC members. AEMO received responses from Alinta, AGL, Kleenheat, OE and Synergy. All responses supported this revised version. There were no objections received. Synergy's response also noted that the previous concerns articulated at the February PCC meeting have been addressed by this revised version.</p> <p>On the 28/02/18, AEMO issued advice there were no objections received and would consider whether to endorse this low impact change.</p>
<p>10. Authorisation review:</p> <ul style="list-style-type: none"> <li>▪ does this Procedure change impact the ACCC authorisation?</li> </ul>	<p>The Australian Competition and Consumer Commission (ACCC) granted Authorisations to REMCo to operate Chapter 5 (Allocation, Reconciliation and Swing) and Chapter 6 (Compliance and Interpretation) of the RMPs and associated ancillary deeds. The ACCC approved variations to the Authorisations to enable REMCo to transfer administration to AEMO.</p> <p>Authorisation is a process where the ACCC may grant protection from legal action for anti-competitive conduct that might otherwise breach the Competition and Consumer Act 2010 (the CCA) where there is an offsetting public benefit from the conduct.</p> <p>Changes to the RMP Chapters and ancillary deeds covered by the Authorisations must be assessed to determine whether the change impacts the Authorisation.</p> <p>It has been determined that the proposed changes are procedural and do not materially change the substantive obligations of AEMO or participants and therefore do not impact the ACCC authorisation.</p>
<p>11. Should the proposed Procedure change be made, (with or without amendments)?</p>	<p>AEMO recommends that the proposed amendments as described in this IIR should be made without further amendments.</p>

<p>12. If applicable, a proposed effective date for the proposed Procedure change(s) to take effect and justification for that timeline.</p>	<p>The proposed amendments are to be published in a new version 4.0 of the RMP that is targeted for an effective date of 1/06/18.</p>
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**ATTACHMENT A – DOCUMENTATION CHANGES (SEE SECTION 3)**

**Blue represents additions Red and strikeout represents deletions – Marked up changes**

As per clause 378B(a) of the RMP, the following is the proposed procedure change and any applicable alternative amendments as marked-up changes to the text of the procedures.

~~Red strikeout~~ means delete and blue underline means insert

**362B Regulator Fees.**

- (1) The Economic Regulation Authority will recover a fee from users, excluding self-contracting users (Regulator Fee).
- (2) The Regulator Fee:
  - (a) will recover the portion of the Economic Regulation Authority's approved budget for a financial year that is directly attributable to the costs of the Economic Regulation Authority undertaking its gas retail market-related functions under Part 2B of the Energy Coordination Act 1994 and these procedures (Regulator's Approved Budget); and
  - (b) is an annual fee (\$/annum) payable by each user, excluding self-contracting users, for the financial year, and will be calculated by dividing the Regulator's Approved Budget equally between all users, excluding self-contracting users, as at the start of each financial year.
- (3) Where a new user that is not a self-contracting user registers after the start of a financial year, the Economic Regulation Authority may invoice the user for a pro rata portion of the Regulator Fee for the period that they are registered.
- (4) If the Regulator Fee in a financial year generates revenue different from the Regulator's Approved Budget, then the Economic Regulation Authority must take this into account in the upcoming financial year's budget by deducting any over-recovery from the Regulator's Approved Budget, or adding any under-recovery to the Regulator's Approved Budget. This must include any additional Regulator Fee collected from users that registered during the financial year.
- (5) The Economic Regulation Authority may invoice users, excluding self-contracting users, for the Regulator Fee from September each financial year.
- (6) The Economic Regulation Authority must notify AEMO of the following by the last business day in May each year:
  - (a) the amount of the Regulator's Approved Budget for the following financial year; and
  - (b) whether the amount of the Regulator Fee for the following financial year is expected to increase by more than \$5,000 per user when compared with the Regulator Fee for the current financial year.
- (7) AEMO must publish the amount of the Regulator's Approved Budget on its website within 5 business days of receiving notice under sub-clause (6)(a).
- (8) If AEMO is provided a notice under sub-clause (6)(b), then:
  - (a) AEMO must convene the Procedure Change Committee within 10 business days to discuss the Regulator Fee, in consultation with the Economic Regulation Authority.
  - (b) if the users, excluding self-contracting users, unanimously determine that the Regulator Fee is not equitably recovering the Regulator's Approved Budget from users, excluding self-contracting users, then the Procedure Change Committee may develop and submit a procedure change request to alter the methodology to recover the Regulator's Approved Budget under sub-clause 2(b); and
  - (c) if the Procedure Change Committee is considering a procedure change request under sub-clause (8)(b), then:
    - (i) the Economic Regulation Authority is to defer invoicing the Regulator Fee until the procedure change is implemented; and
    - (ii) if the procedure change is not implemented by the first business day in December of the financial year, then the Economic Regulation Authority may issue invoices for the Regulator Fee calculated as per sub-clause (2)(b).
- (9) The Economic Regulation Authority must, at the request of a user, who is not a self-contracting user, give the user a summary of the costs covered by the Regulator's Approved Budget at a reasonable level of detail.





**ATTACHMENT B - Draft IIR consolidated feedback for IN004/17W (362B Regulator Fees)**

**\*\*\*Participants are to complete the relevant columns below in order to record their response.\*\*\***

Item #	Proponent	RMP Clause/ Section ref/page#	Issue / Comment	Proposed text <del>Red-strikeout</del> means delete and <u>blue underline</u> means insert	Rating <sup>1</sup> (H/M/L)	AEMO Response (AEMO only)
1	Origin	<p>Comment on IIR - Critical Examination of Proposal</p> <p>4. Explanation regarding the order of magnitude of the change (e.g. material, non-material or non-substantial)</p> <p><i>The estimate of costs for the Authority's gas retail market function in 2017/18 is \$37,142. The cost estimate varies between \$36K and \$40K over the next five year estimates.</i></p> <p><i>Based on the current number of users (7), the Regulator Fee would be between \$5,100 and \$5,700 per participant per annum over the next five years.</i></p>	Origin suggests that the fee is not a flat fee across all market participants, and should be weighted by market share.			<p>As noted in the IIR the fee is estimated to be \$5,100 to \$5,700 per annum. This flat fee amount is small in terms of the overall cost of administering the retail market. A market share approach will add additional costs to calculate the fee for such an insignificant amount.</p> <p>Moving to Origin Energy's alternate proposal of a market share concept is difficult to justify on the basis of cost/effort and benefit.</p> <p>The proposal that was put to the PCC in December and subsequently agreed should not be amended. Given the number of subsequent matters raised AEMO now invites the PCC to reconfirm their acceptance to adopt the process described in Attachment A of the IIR.</p>

<sup>1</sup> L = Low: - Not critical. Issues / Comments are minor. They add clarity to the document. No major concern if not included in any further revisions  
M = Medium: - Important. Strong case that issue / comments should be consider and an update to the document is desirable, but not critical.  
H = High – Critical. The issue / comments are fundamental and failure to make necessary changes has the potential to impact consensus.

**\*\*\*Participants are to complete the relevant columns below in order to record their response.\*\*\***

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2	Synergy	General Comment - It is noted ERA costs are currently nominal.	General Comment - It is noted ERA costs are currently nominal.			AEMO notes Synergy comment that the ERA costs are currently nominal.
3	Synergy		<p>Cost reflectivity is supported provided ERA costs are efficient.</p> <p>The procedures need to state <u>the ERA can only recover efficient costs.</u></p>			<p>AEMO does not consider that a reference to recovering efficient cost is warranted. The proponent has reassured AEMO that the ERA budget is deployed with the oversight of ERA board and Treasury.</p> <p>The proposal that was put to the PCC in December and subsequently agreed should not be amended. Given the number of subsequent matters raised AEMO now invites the PCC to reconfirm their acceptance to adopt the process described in Attachment A of the IIR.</p>

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4	Synergy		<p>It is inequitable for some users to be charged costs incurred by scheme participants especially costs incurred by the ERA in relation a market participant's non-compliance.</p> <p>For example it is unreasonable for some users to pay the ERA's costs in enforcing a pipeline operator's compliance with the procedures.</p> <p>Further, it is inappropriate for users who are retailers to cross subsidise self users. This is not consistent with the user pays principle</p>			<p>AEMO notes the valid points and examples raised by Synergy in relation to "user pays principle". The fee amount is small and on this basis AEMO considers the proposed allocation to Retailer's to be both efficient and pragmatic.</p> <p>The proposal that was put to the PCC in December and subsequently agreed should not be amended. Given the number of subsequent matters raised AEMO now invites the PCC to reconfirm their acceptance to adopt the process described in Attachment A of the IIR.</p>

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5	Synergy		<p>The PUO's logic that "network operators recover their costs from users, so it is not proposed to charge the Regulator Fee to network operators" is flawed. If this were to be the case it can be similarly argued network operators should not have to pay AEMO's market fees or the ERA's gas distribution licence fees as these are passed on to network users. Best practice regulation dictates costs should be recovered on a user pays basis</p>			<p>PUO's original proposal was to charge the fee to the Network Operator, but Users indicated at the December PCC meeting that the Network Operator would simply charge this fee back to Users via other regulatory processes hence the proposal was changed. AEMO view is leaving the Network Operator out of the process appears to be a pragmatic approach.</p> <p>The proposal that was put to the PCC in December and subsequently agreed should not be amended. Given the number of subsequent matters raised AEMO now invites the PCC to reconfirm their acceptance to adopt the process described in Attachment A of the IIR.</p>

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6	Synergy		<p>It is unclear whether it is legally permissible for the ERA to recover all of its costs from a select number of market participants.</p> <p>PUO should clarify this especially in relation to its statement: recovery of the Authority's costs of performing these functions is consistent with provisions of the Act that clearly contemplates the costs of administration of the scheme are to be recovered from gas market participants who are members of the scheme.</p>			<p>See comments in item # 5.</p> <p>Section 1 of the IIR notes that ERA and the PUO are of the view, developed in consultation with the State Solicitor's Office (SSO), that the ERA can recover its costs for market-related administration functions.</p>



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7	AGL	362B (3)	<p>This means that if the ERA change program or have an accounting error there can be a significant shift in the fee amount with little notice to retailers.</p> <p>AGL would prefer that the fee change be no more than say 10 % in any year, without a fee consultation in advance of the fee change.</p> <p>That way retailers can manage their budgets and have time to prepare for a substantial change.</p> <p>Broadly, AGL would prefer to see the ERA fees operating like the AEMO fees, which is on a flight path to ensure recovery, but no provide fee shock.</p> <p>AGL Also notes that the obligations imposed by the ERA via its Gas Retail Licence (AGL Gas Licence – Part 10, cl 10.1 Tariff Information) do not potentially provide for much tie to adjust tariffs if there is a substantial change to the amount collected by the ERA.</p>			<p>As noted in the IIR the fee is estimated to be \$5,100 to \$5,700 per annum. This flat fee amount is small in terms of the overall cost of administering the retail market.</p> <p>In relation to managing budgets, AEMO response in item #10 notes that the profile of work does not fluctuate materially therefore the fee for the previous year should be a reasonable estimate to use when budgeting for the following year. AEMO does not consider AGL's proposal to build in a 10% threshold efficient for a small and stable fee.</p> <p>It is worth noting that should the fee become unstable, participants can raise a proposal to amend the procedures to accommodate a longer lead time.</p> <p>The proposal that was put to the PCC in December and subsequently agreed should not be amended. Given the number of subsequent matters raised AEMO now invites the PCC to reconfirm their acceptance to adopt the process described in Attachment A of the IIR.</p>
8	Alinta	362B (3)	Identified a minor typo	<u>then the Economic Regulation Authority.</u>		AEMO agrees that this change needs to be made and will amended the final IIR accordingly.

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9	AGL	362B (4)	<p>The fee should not be recovered equally.</p> <p>Industry fees are generally set on the basis of market share.</p> <p>AGL believes that the fee should be recovered on a basis of MIRN or possibly a fixed amount and variable amount (eg MIRN).</p>			See comment in item #1.
10	Origin	<p>Attachment A 362B (5)</p> <p><u>The Economic Regulation Authority must notify AEMO of the amount of the Regulator Fee by 5 business days prior to 30 June each year.</u></p>	<p>The timeframes around this are too tight. Given financial year budgets are done well in advance the ERA should notify AEMO January/February at the latest. If unsure of what the fee will be then as per 362B (7) the previous years should be provided to participants.</p>			See comments in item #1 and #7.
11	AGL	362B (5)	<p>This is very short notice, not just for AEMO but for industry</p> <p>AGL would request that at least an estimate of fee was provided to AEMO and industry well in advance of the July publication, so that the amount can be considered in establishing retailer pricing.</p>			See comments in item # 10.

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12	Alinta	362B (5)	Business day is a defined terms the words business days need to be italicised.	<u>Regulator Fee by 5 business days pri</u>		AEMO agrees that this change needs to be made and will amended the final IIR accordingly.
13	Origin	362B (6)  <u>AEMO must publish the amount of the Regulator Fee on its website by 30 June each year.</u>	As above (see item # 10).			See comments in item # 10
14	Origin	362B (7)  <u>If the Economic Regulation Authority has not notified AEMO of the Regulator Fee by 5 business days prior to 30 June, then AEMO is to publish the Regulator Fee from the previous year.</u>	As above (see item # 10).			See comments in item # 10.
15	Alinta	362B (7)	Business day is a defined terms the words business days need to be italicised.	<u>Regulator Fee by 5 business days pri</u>		AEMO agrees that this change needs to be made and will amended the final IIR accordingly.

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16	Origin	Attachment A 362B (8)  <u>The Economic Regulation Authority may invoice users, excluding self-contracting users for the Regulator Fee from July each year.</u>  <u>Where a new user that is not a self-contracting user registers during the year, the Economic Regulation Authority is to invoice the user for a pro rata portion of the Regulator Fee for the period that they are registered.</u>	Clarification required:  Can AEMO clarify how this is secured and paid?  When will, the annual invoice be provided to participants and payment terms?  Market fees in other gas markets require bank guarantees to cover the yearly minimum fee. Is this required?			AEMO has received advice from the proponent that ERA will invoice users directly and that no security is required given the fee is small.  In relation of the timeframes when annual invoice will be issued to participants the proponent has provided advice that ERA will invoice Users in September and the payment terms are 30 days.
17	AGL	362B (8)	This seems to be potentially saying that the fee is published 30 June and potentially the invoice is issued 1 July.  AGL would prefer to see some period between publication and invoicing of the fee.			See item #16 comments.

**\*\*\*Participants are to complete the relevant columns below in order to record their response.\*\*\***

Item #	Proponent	RMP Clause/ Section ref/page#	Issue / Comment	Proposed text <del>Red-strikeout</del> means delete and <u>blue underline</u> means insert	Rating <sup>1</sup> (H/M/L)	AEMO Response (AEMO only)
18	AGL	362B (8) - <i>Where a new user that is not a self-contracting user registers during the year, the Economic Regulation Authority is to invoice the user for a pro rata portion of the Regulator Fee for the period that they are registered.</i>	<p>Is this a clause 9 ?</p> <p>Further, while AGL agrees with the operation of this clause, it should be noted that the impact of this clause would be for the ERA to potentially over recover in the affected year – which would lead to a decrease the next year, followed by a greater increase the following year as a result of accounting for over and under recoveries.</p> <p>AGL suggests that both over recoveries and under recoveries be fitted into a glide path so that the fees do not see-saw year to year.</p> <p>AGL would prefer to see a smooth progression of fees with over / under recoveries smeared across multiple years.</p>			<p>AEMO agrees that the sub clause numbering is missing the number “9” and will amended the final IIR accordingly.</p> <p>Also see AEMO response in item #7.</p>