



QUEENSLAND GAS 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 gas rules. The fee structures detail how AEMO will calculate fees and who will be charged. The current participant fee determination 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.

The budget provides a view of the 2017-18 Queensland FRC gas fees, 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.



2. QUEENSLAND FULL RETAIL CONTESTABILITY GAS

2.1 Fees

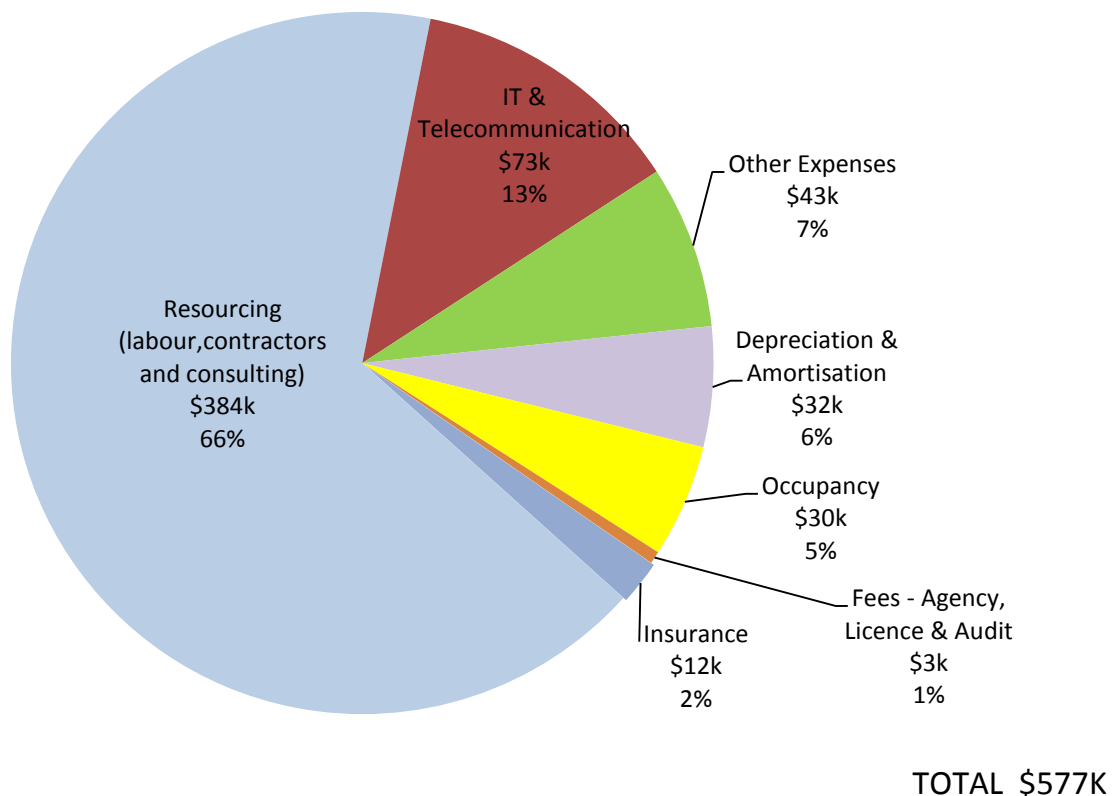
The Queensland FRC fee will reduce by 15% in 2017-18, and by a further 15% in 2018-19 to return an accumulated surplus from previous years. This is in line with the estimates in last year's budget.

| Fee | Actual 2016-17 | Budget 2017-18 | Estimate 2018-19 | Estimate 2019-20 | Estimate 2020-21 | Estimate 2021-22 |
|--|----------------|----------------|------------------|------------------|------------------|------------------|
| FRC Fee (\$ per customer supply point per month) | 0.26184 | 0.22256 | 0.18918 | 0.16080 | 0.16080 | 0.16080 |
| | -15% | -15% | -15% | -15% | +0% | +0% |
| Initial Registration Fee (\$ per participant) | 5,760 | 5,760 | TBC | TBC | TBC | TBC |

2.2 Expenditure

The expenditure is detailed below in Figure 1 by expenditure category

Figure 1 Expenditure by category 2017-18



**Table 1 Profit and Loss statement 2017-18 and comparison**

| | Budget | Budget | Variance | |
|---|-------------------|-------------------|-------------|-------------|
| | 2016-17 \$'000 | 2017-18 \$'000 | \$'000 | % |
| Fees and tariffs | 628 | 558 | (70) | -11% |
| Other Revenue | 24 | 20 | (3) | -14% |
| Total Revenue | 652 | 579 | (73) | -11% |
| Resourcing (labour, contractors and consulting) | 402 | 384 | (18) | -5% |
| Fees - Agency, Licence & Audit | 42 | 3 | (38) | -92% |
| IT & Telecommunication | 76 | 73 | (3) | -4% |
| Occupancy | 33 | 30 | (3) | -10% |
| Insurance | 15 | 12 | (3) | -20% |
| Other Expenses | 49 | 43 | (5) | -11% |
| Depreciation & Amortisation | 27 | 32 | 5 | +20% |
| Total Expenditure | 643 | 577 | (66) | -10% |
| Surplus/(Deficit) | 9 | 1 | (7) | |
| Brought Forward Surplus/(Deficit) | 674 | 765 | 91 | |
| Accumulated Surplus/(Deficit) | 682 | 766 | | |

Key Points:

- Revenue for 2017-18 is estimated to be \$0.1M (11%) lower than the 2016-17 budget.
- Expenditure for 2017-18 is estimated to be \$0.1M (10%) lower than 2016-17 budget.



3. GAS STATEMENT OF OPPORTUNITIES

3.1 Fees

GSOO costs are recovered through charges to retailers in AEMO’s FRC gas markets on a fee per meter basis.

Costs for this function have increased due to additional modelling 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 2 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 ECA funding from market participants.

Table 3 reflects the fees to be collected for 2017-18.

Table 3 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 |
|------|-----------------------------------|
| 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 |
| QLD | Queensland |
| TBC | to be confirmed |