



10 March 2017

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Dear Jack

Draft Determination – Structure of Participant Fees in AEMO’s Electricity Full Retail Competition Market

United Energy (UE) appreciates the opportunity to respond to AEMO on the Draft Determination on the Structure of Participant Fees in AEMO’s FRC Market.

UE supports the AEMO Draft Determination that:

- Electricity FRC market fees continue to be levied 100% on Market Customers with a retail licence; and
- The current fee structure basis is retained until 1 July 2019, from this date retailers are charged on a per connection point basis.

Submissions to the consultation supported retailers continuing to pay for the Electricity FRC market fees as this was a clear and simple structure, the proposed alternatives were no more cost reflective, and the alternatives were complex to administer and bill.

This current fee structure applies until 2021. AEMO note that third party B2B participants who are considered B2B e-hub participants and not already a registered participant or a deemed registered participant would not be contributing to electricity FRC costs (or a subset of costs) relating to the B2B hub costs.

There is little known on the number of participants who may be in this third party B2B participant category, the volume of transactions in this participant category, whether any B2B procedures might be developed for this category of participant or whether the transactions will be bespoke and only utilise the peer to peer portion of the e-hub.

AEMO suggest a trigger level of transactions be established for review of a transaction fee for these third party participants e.g. a percentage of transactions, initially 25%.

A trigger level of 25% annual transaction volume attributed to third party B2B participants seems reasonable given the complexity of cost allocation and billing some costs on a per transaction fee and other costs on a per connection point basis. This seems to provide a high bar that may warrant such a review and will most likely allow the current clear and simple arrangements to continue until the next fee structure review. The high bar may also serve to encourage use of the e-hub by these third party B2B participants.

Should you have any questions on the response, please do not hesitate to contact me on 8846 9856.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'V. Watson'.

Verity Watson
Manager Regulatory Strategy