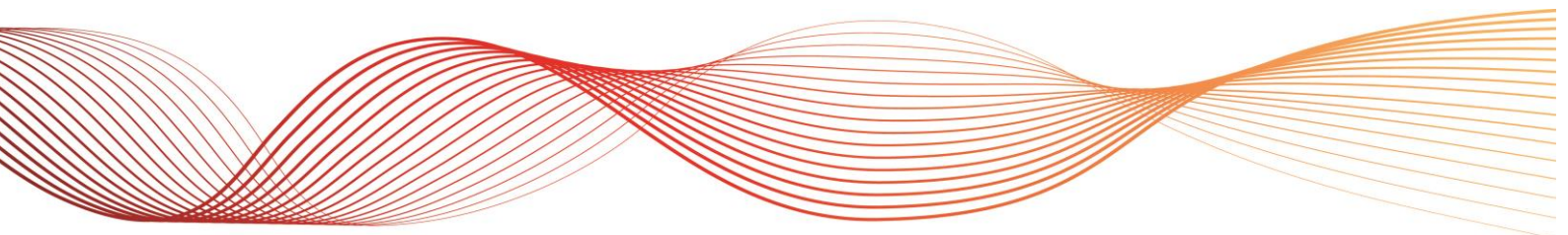


QUEENSLAND FULL RETAIL CONTESTABILITY GAS FINAL BUDGET AND FEES 2015-16

PUBLISHED MAY 2015





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EXECUTIVE SUMMARY

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.

The Queensland Full Retails Contestability (FRC) gas function is underpinned by a fee structure that is developed in consultation with stakeholders and in line with requirements under the National Gas Rules (NGR). The fee structure details how AEMO will calculate fees and who it charges. In March 2015, AEMO has published its final fee structure for AEMO's gas markets, covering the period from 1 July 2015 to 30 June 2018.

This document sets out the final 2015-16 budget and fees for Queensland FRC gas function.

In budgeting for 2015-16, AEMO has continued to apply strong commercial discipline to control costs to reduce the impact of fee increases to market participants.

Contacts

For questions regarding the contents of this report, please do not hesitate to contact:

Mr Jack Fitcher
Chief Financial Officer
Australian Energy Market Operator
Level 22, 530 Collins St
Melbourne Vic 3000
Phone: 03 9609 8506
Email: Jack.Fitcher@aemo.com.au

Ms Sandra Chui
Group Manager, Commercial Services
Australian Energy Market Operator
Level 22, 530 Collins St
Melbourne Vic 3000
Phone: 03 9609 8623
Email: Sandra.Chui@aemo.com.au



1 QUEENSLAND FRC GAS

1.1 Fees

The Queensland FRC gas fee is calculated on a three-year rolling break-even period.

The Queensland FRC fee is expected to remain consistent from 2015-16 through to 2017-18 to reduce the surplus.

This function has a surplus in the current year that limits the impact of any increases on fees for the next 3 years.

Fees for 2018-19 and 2019-20 are then expected to increase after the surplus is fully returned in order to return to a break-even position.

Table 1 Queensland FRC Gas Projected Fees

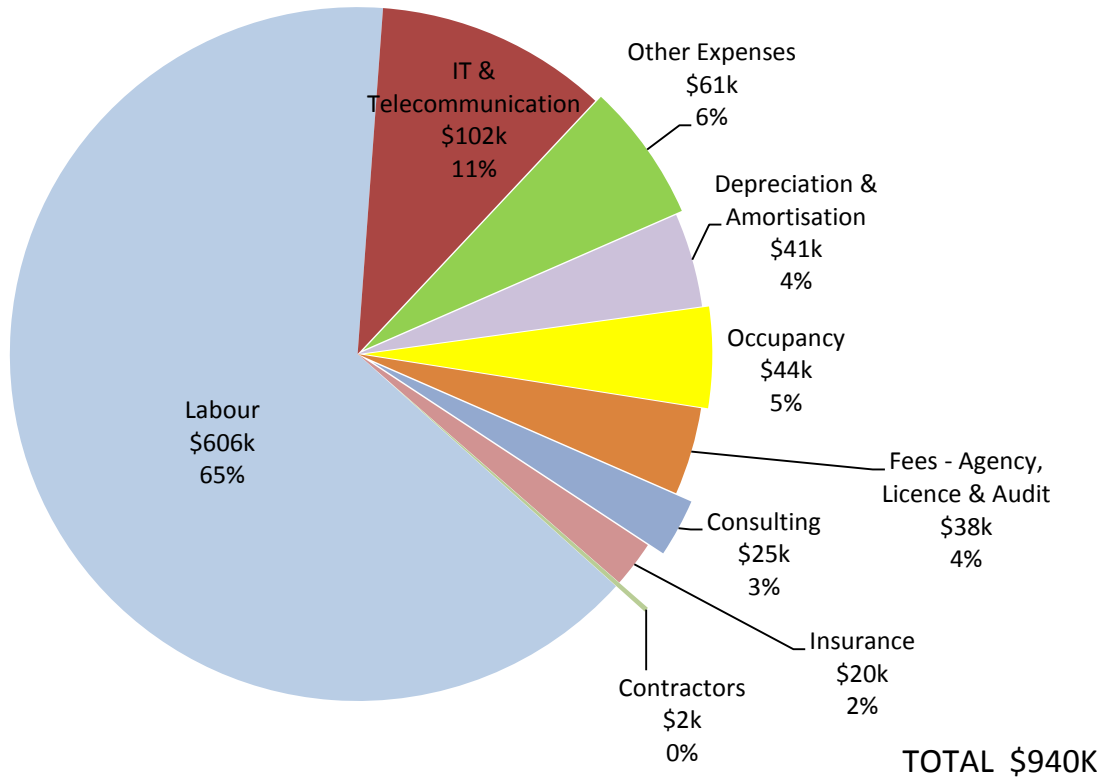
Fee	Actual 2014-15	Budget 2015-16	Estimate 2016-17	Estimate 2017-18	Estimate 2018-19	Estimate 2019-20
FRC Fee (\$ per customer supply point per month)	0.30805	0.30805 +0%	0.30805 +0%	0.30805 +0%	0.35426 +15%	0.40740 +15%
Initial Registration Fee (\$ per participant)	5,760	5,000	TBC	TBC	TBC	TBC
Gas Statement of Opportunities (\$ per customer supply point per month)	0.02830	0.02830 +0%	0.03255 15%	0.03743 15%	0.04117 10%	0.04529 10%
Energy Consumers Australia pass-through (\$ per customer supply point per month)	0.02998	0.03114 +4%	TBC	TBC	TBC	TBC



1.2 Revenue and Expenditure

The expenditure is detailed below in Figure 1 by expenditure category.

Figure 1 Expenditure by category 2015-16



**Table 2 Profit and Loss statement 2015-16 and comparison**

	Budget	Forecast	Budget	Variance to Budget	
	2015-16	2014-15	2014-15	\$'000	%
	\$'000	\$'000	\$'000		
Fees and tariffs	693	693	711	18	+3%
Other Revenue	12	25	23	11	+88%
Total Revenue	705	718	733	28	+4%
Labour	581	525	606	25	+4%
Contractors	4	7	2	(1)	-40%
Consulting	22	16	25	4	+16%
Fees - Agency, Licence & Audit	35	33	38	3	+10%
IT & Telecommunication	102	96	102	(0)	-0%
Occupancy	40	36	44	4	+10%
Insurance	20	18	20	0	+0%
Other Expenses	58	50	61	2	+4%
Depreciation & Amortisation	57	47	41	(16)	-28%
Total Expenditure	919	827	940	21	+2%
Surplus/(Deficit)	(214)	(110)	(207)	7	
Brought Forward Surplus/(Deficit)	738	839	730	(8)	
Accumulated Surplus/(Deficit)	524	730	523		

Key Points

- Expenditure in 2015-16 is budgeted to be in-line with 2014-15 budget expenditure.



2 GAS STATEMENT OF OPPORTUNITIES

The Gas SOO costs are recovered via charges to retailers in AEMO's FRC gas markets on a fee per meter basis.

Costs for this function have increased due to work on the National Gas Forecasting Report.

There is no change in the 2015-16 fee due to an over-recovery from prior years. Fees are expected to increase in future years to return to a break-even position.

Table 3 Gas Statement of Opportunities Projected Fees

Fee	Actual 2014-15	Budget 2015-16	Estimate 2016-17	Estimate 2017-18	Estimate 2018-19	Estimate 2019-20
Gas Statement of Opportunities	0.02830	0.02830	0.03255	0.03743	0.04117	0.04529
(\$ per customer supply point per month)		+0%	+15%	+15%	+10%	+10%



3 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 for residential customers and small business customers.

AEMO is required to recover the funding for the ECA from market participants.

The commencement date of the ECA was 30 January 2015.

Table 4 — Energy Consumers Australia (ECA) requirements

ECA Fees	Budget 2015-16	Actual 2014-15
Gas (\$ / customer supply point / month)	0.03114 4%	0.02998



LIST OF SYMBOLS AND ABBREVIATIONS

Term	Definition
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
B2B	Business-to-Business
COAG	Council of Australian Governments
ECA	Energy Consumers Australia
FRC	Full Retail Contestability
GSOO	Gas Statement of Opportunities
MCE	Ministerial Council on Energy
NA	not applicable
QLD	Queensland
TBC	to be confirmed

Note – all amounts quoted in this document are nominal dollars unless otherwise stated and all amounts are exclusive of GST.