



Western Australia Gas Services Information 2022-23 Budget and Fees

June 2022

Executive summary

This document sets out the Western Australia Gas Services Information (GSI) budget and fees for 2022-23.

The Australian Energy Market Operator (AEMO) is an independent, not-for-profit public company limited by guarantee, owned jointly by energy industry members and the Commonwealth, New South Wales, Queensland, South Australian, Tasmanian, Victorian, Western Australian and Australian Capital Territory governments.

The Gas Services Information Rules 114 (the Rules) set out the requirement that the allowable revenue and forecast capital expenditure must consist only of forecast costs that are approved by the Economic Regulation Authority (ERA). Once approved, AEMO can recover approved costs from Gas Market Participants through GSI fees. The current three-year ERA determination on AEMO's allowable revenue and capital expenditure (AR6) covers the period from 1 July 2022 to 30 June 2025. The latest ERA determination and associated documents can be found [here](#), with the ERA's latest determination of AEMO's GSI allowable revenue and forecast capital expenditure set out within [Section 7](#) of the determination.

In 2022-23 operating expenditure is marginally higher than the previous period, reflecting only minor changes in expenditure levels and increased depreciation and amortisation. The AEMO GSI recovery is to reduce to \$1.56m in 2022-23 from \$1.75m in 2021-22, including a return of surplus funds of \$0.44m from prior periods.

AEMO is actively seeking to improve the transparency and rigour of its budget fees across all our functions and jurisdictions. During the AR6 determination process AEMO provided substantial detail within public submission and confidential information provided to ERA. Engagement and feedback was sought from stakeholders on AEMO's forecast budget and fees and capital projects, which informed ERA's determination. AEMO and ERA intend to continue and refine this approach in future years.

The remainder of this GSI 2022-23 Budget and Fees document outlines the GSI revenue requirements for 2022-23 including AEMO, ERA and the Coordinator.

1.1 Summary of Fees

Table 1 **Summary of GSI revenue requirement**

Revenue Requirement	Budget 2021-22	Budget 2022-23	Variance	Variance
AEMO GSI revenue requirement (\$'m)	1.75	1.56	-0.19	-11.0%
ERA Regulator revenue requirement (\$'000)	0.08	0.15	0.07	87.5%
EPWA Coordinator revenue requirement (\$'000)	0.16	0.16	-	-
Total GSI revenue requirement (\$'m)	1.99	1.87	-0.12	-6.0%

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2. Australian Energy Market Operator (AEMO)

2.1 AEMO GSI Fees

Purpose of this function

To ensure:

- Security, reliability, and availability of the supply of natural gas
- Efficient operation and use of natural gas services
- Efficient investment in natural gas services
- Facilitation of competition in the use of natural gas services

The GSI function includes the WA GBB and WA GSOO:

- The WA GBB is an information website hub to provide flow information on gas, transmission, storage, emergency management with supply disruptions, and demand in WA.
- The WA GSOO is an annual planning document providing medium to long-term outlook of WA gas supply and demand and transmission and storage capacity.

Revenue requirement and fees

AEMO is required to recover its revenue from registered shippers and production facility operators based on the delivery quantities (TJ) or actual flow data (TJ) respectively for the settled period.

The AEMO GSI recovery is to decrease to \$1.56m in 2022-23 from \$1.75m in 2021-22, this includes returning of surplus from prior year, partially offset by increases in underlying costs.

Table 2 **AEMO GSI revenue requirement and fees**

	Budget 2021-22	Budget 2022--23	Variance	Variance
GSI revenue requirement (\$m)	1.75	1.56	-0.19	-11.0%

Other notes

The current three-year ERA determination on AEMO's allowable revenue and capital expenditure covers the period from 1 July 2022 to 30 June 2025.

2.2 Revenue and Expenditure

Table 3 Profit and Loss statement 2022-23

	GSI			
	Budget 2021-22	Budget 2022-23	Variance	
	\$'000	\$'000	\$'000	%
Fees and Tariffs	1,752.5	1,559.4	(193.0)	-11.0%
TOTAL REVENUE	1,752.5	1,559.4	(193.0)	-11.0%
Labour	1,147.7	1,012.0	(135.7)	-11.8%
Consulting	194.5	292.7	98.3	50.5%
IT & Telecommunications	80.1	58.9	(21.2)	-26.5%
Occupancy	94.8	111.2	16.4	17.3%
Other Expenses	171.6	162.1	(9.5)	-5.5%
Depreciation and Amortisation	101.0	366.2	265.3	262.7%
Financing Costs	-	0.1	0.1	0.0%
TOTAL OPERATING EXPENDITURE	1,789.7	2,003.3	213.6	11.9%
ANNUAL SURPLUS / (DEFICIT)	(37.2)	(443.8)	(406.6)	

3. Economic Regulation Authority (ERA)

Purpose of this function	To undertake compliance monitoring and enforcement for the Western Australian GSI.
Revenue Requirement and Fees	<p>AEMO is required to recover revenue on behalf of the ERA from registered shippers and production facility operators based on the delivery quantities (TJ) or actual flow data respectively (TJ) for the settled period.</p> <p>The total expenditure budgeted by the ERA for the GSI function in 2022-23 is \$154K(92.5% increase) (2021-22: \$75k).</p>
Other notes	For any questions on the ERA budget in 2022-23, contact Pam Herbener, Director, Corporate Services at pam.herbener@erawa.com.au

Table 4 ERA revenue requirements

	Budget 2021-22	Budget 2022--23	Variance	Variance
Regulator revenue requirement (\$'000)	75	154	79	92.5%

4. Energy Policy WA (EPWA)

Purpose of this function	To undertake policy, market development, strategic planning and overall coordination for the Western Australian Gas Markets, including the administration of the GSI rules and development of the GSI.
Revenue Requirement	<p>AEMO is required to recover revenue on behalf of EPWA from registered shippers and production facility operators based on the delivery quantities (TJ) or actual flow data respectively (TJ) for the settled period.</p> <p>The total GSI revenue requirement budgeted from the EPWA in 2022-23 is \$0.16million, consistent with the previous year.</p>
Other notes	For any questions on the EPWA budget in 2022-23, contact Nerea Ugarte, Director, Business Support Services at nerea.ugarte@energy.wa.gov.au

Table 5 EPWA revenue requirements

	Budget 2021-22	Budget 2022-23	Variance	Variance
Coordinator revenue requirement (\$'000)	160	160	0	0

Symbols and abbreviations

Term	Definition
AEMO	Australian Energy Market Operator
ERA	Economic Regulation Authority
EPWA	Energy Policy WA
GSI	Gas Services Information
WA	Western Australia