



South Australia FRC Gas 2018-19 AEMO Final Budget and Fees

June 2018

Australian Energy Market Operator Limited

Executive Summary

Introduction

AEMO operates on a cost recovery basis as a company limited by guarantee under the Corporations Act (2001). AEMO recovers all 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 the national rule requirements. The fee structures detail how AEMO will calculate fees and who will be charged. AEMO's annual budget sets out the amounts that will be charged under these fee structures.

This report provides a view of the final 2018-19 SA FRC gas fees, revenue and expenses, and fee estimates for the following four-year period.

The key points of the 2018-19 final budget are:

- Fees in 2018-19 reduced by 5% compared to 2017-18 with further reduction in forward years to return a prior year surplus.
- AEMO will continue to manage our costs prudently to reduce the impact of fee increases to market participants, and we will identify further opportunities for efficiencies.

Support, implement, operate retail market and manage data settlement.

1.1 Summary of Fees

Table 1 Summary of Fees

Fee	Actual 2017-18	Budget 2018-19	Estimate 2019-20	Estimate 2020-21	Estimate 2021-22	Estimate 2022-23
FRC Fee	0.22615	0.21484	0.20410	0.19390	0.19390	0.19390
(\$ per customer supply point per month)	-13%	-5%	-5%	-5%	+0%	+0%

1.2 Contact for inquiries

AEMO contact for inquiries

For all queries on budget and fees, please contact:

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2. South Australia (SA) FRC Gas

2.1 Fees

Purpose of this function	<p>The purpose of the FRC gas markets is to provide the services and infrastructure to allow gas consumers to choose their retailer while also providing the business to business interactions to support efficient operation of the market.</p> <p>The following broad services are provided:</p> <ul style="list-style-type: none"> • Support retail market functions and customer transfers • Manage data for settlement purposes • Implement market procedure changes • Operate the central IT systems that facilitate retail market services.
Fees	<p>The current South Australian FRC Gas fee is \$0.22615 per customer supply point/month.</p> <p>This fee is proposed to decrease to 0.21484 or by -5% in 2018-19 and in future years due to a carried forward surplus from prior years to be returned to participants.</p> <p>The operating costs are stable in this function.</p>
Other notes	

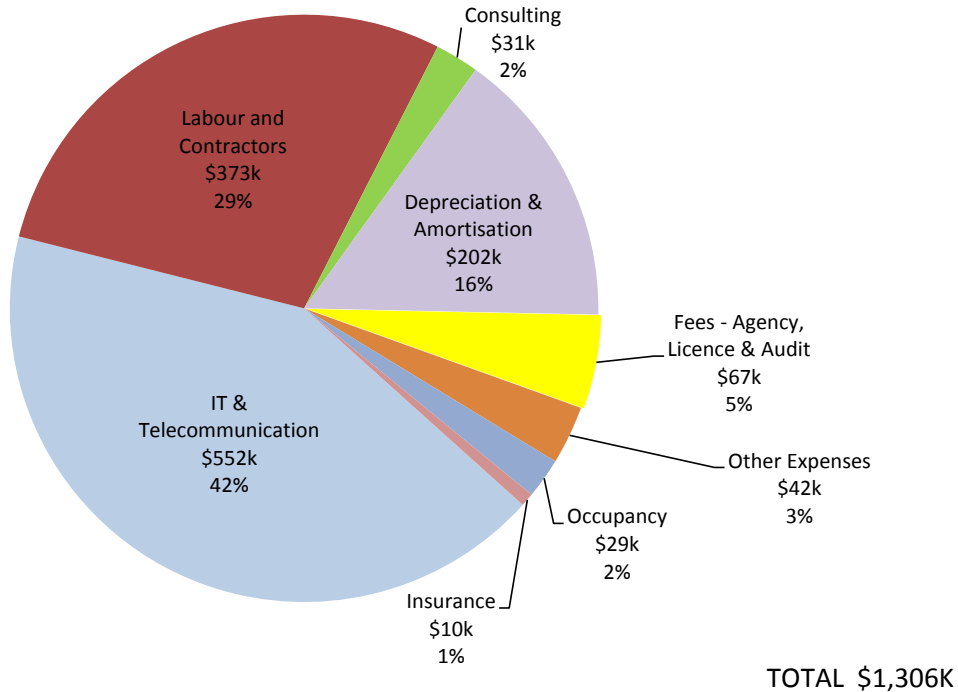
Table 2 SA FRC gas projected fees

Fee	Actual 2017-18	Budget 2018-19	Estimate 2019-20	Estimate 2020-21	Estimate 2021-22	Estimate 2022-23
FRC Fee (\$ per customer supply point per month)	0.22615 -13%	0.21484 -5%	0.20410 -5%	0.19390 -5%	0.19390 +0%	0.19390 +0%
Initial Registration Fee (\$ per participant)	11,300 +0%	11,300 +0%	TBC	TBC	TBC	TBC

2.2 Revenue and Expenditure

The expenditure is detailed below in Figure 1 by expenditure category

Figure 1 Expenditure by category 2018-19



Profit and Loss statement 2018-19 and comparison

	Budget	Budget	Variance	
	2016-17 \$'000	2017-18 \$'000	\$'000	%
Fees and tariffs	1,249	1,203	(46)	-4%
Other Revenue	4	4	(1)	+100%
Total Revenue	1,253	1,206	(47)	-4%
Labour and Contractors	257	373	116	+45%
Consulting	21	31	10	+49%
Fees - Agency, Licence & Audit	52	67	15	+29%
IT & Telecommunication	560	552	(8)	-1%
Occupancy	27	29	2	+6%
Insurance	10	10	(0)	-2%
Other Expenses	33	42	9	+27%
Depreciation & Amortisation	58	202	143	+245%
Total Expenditure	1,020	1,306	287	+28%
Surplus/(Deficit)	233	(100)	(333)	
Brought Forward Surplus/(Deficit)	329	394	65	
Accumulated Surplus/(Deficit)	562	294		

3. Gas Statement of Opportunities (GSOO)

3.1 Fees

Purpose of this function The purpose of the GSOO is to report the supply adequacy of eastern and south-eastern Australian gas markets to meet energy needs. AEMO publishes reports on demand and supply, and delivery constraints projected for the next 20 years.

Retailers across the FRC gas market jurisdictions are currently charged for GSOO costs at a flat rate per customer supply point.

Fees The current GSOO fee is \$0.03518 per customer supply point/month.

This fee is proposed to increase to 0.03799 or by +8% in 2018-19 and in future years due to additional work on the National Gas Forecasting Report (NGFR) and uplift in long term forecasting capability and additional insight reports to stakeholders.

Table 3 GSOO projected fee

Fee	Actual 2017-18	Budget 2018-19	Estimate 2019-20	Estimate 2020-21	Estimate 2021-22	Estimate 2022-23
Gas Statement of Opportunities (\$ per customer supply point per month)	0.03518	0.03799	0.04179	0.04597	0.04735	0.04877
	+10%	+8%	+10%	+10%	+3%	+3%

4. Energy Consumers Australia (ECA)

Purpose of this function	To promote long term interests of the energy customers, in particularly for residential customers and small business customers.
Fees	<p>AEMO is required to recover the funding for the ECA from market participants (i.e. pass through recovery). Total expenditure budgeted by the ECA to be recovered in 2018-19 is \$7.3m (+8% increase) (2017-18: \$6.8m).</p> <p>The gas ECA fee is \$0.03547 per customer supply point per month in 2018-19 (11% increase). This increase of 11% is higher than the 8% budgeted expenditure mainly due to an under recovery of costs from 2017-18.</p>
Other notes	<p>In November 2017 the Council of Australian Governments approved the ECA 2018-19 annual budget.</p> <p>For any questions on the ECA budget in 2018-19, contact Mohua Mukherjee, Director Governance and Operations at mohua.mukherjee@energyconsumersaustralia.com.au.</p>

Table 4 ECA projected fee

AEMO's ECA Fees	Actual 2017-18	Budget 2018-19
Gas (\$ / customer supply point per month)	0.03199 +1%	0.03547 +11%

List of Abbreviations

Term	Definition
AEMO	Australian Energy Market Operator
COAG	Council of Australian Governments
ECA	Energy Consumer Australia
FRC	Full Retail Contestability
GJ	Gigajoule
GPG	Gas Powered Generation
GSOO	Gas Statement of Opportunities
NA	Not applicable
SA	South Australia
TBC	To be Confirmed