

16 December 2016

Jack Fitcher  
Australian Energy Market Operator Limited  
GPO Box 2008  
Melbourne VIC 3001

Dear Mr Fitcher

## **Re: Structure of participant fees in AEMO's electricity full retail competition market**

TasNetworks welcomes the opportunity to comment upon the initial consultation undertaken by the Australian Energy Market Operator (AEMO) on the structure of participant fees in Electricity Markets. TasNetworks operates the distribution and transmission networks in Tasmania and supplies over 280,000 end use customers.

Given that the Power of Choice reforms being introduced will introduce new market participants and new market roles (outside of the market participant framework), TasNetworks thinks that it is an appropriate time to consider participant fees.

TasNetworks notes that not only should AEMO have regard to the National Electricity Objective but they need to consider the principles within the National Electricity Law and the National Electricity Rules when determining participant fees. TasNetworks strongly agrees with the overarching principal of simplicity contained within these principals when considering participant fees.

TasNetworks also notes that Electricity Networks Australia has provided a submission and is supportive of the position put forward.

TasNetworks has provided below a response to specific question posed by AEMO within the Consultation Paper.

### **Comments on Option 1 to 3**

TasNetworks' preference is to maintain the current status quo and continue with option 1. Importantly this is the simplest approach. The relationship between AEMO and the retailer is simple, and the relationship between the retailer and the customer can be administered simply either on a connection point basis or MWh basis.

Ultimately whoever the fees fall upon, they will be passed through to consumers. In the case of Options 2 and 3, the other market participants will pass the fees through to the retailer with the end result being the same as Option 1.

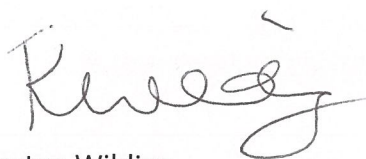


## Electricity FRC Fee Structure Basis

TasNetworks is also supportive of the fee structure being linked to the number of connections. There does not appear to be a compelling reason to change this approach, particularly given that the issue was considered recently. While there may be merit in moving to a per connection point basis earlier than currently scheduled, given the level of change happening from the Power of Choice reforms, TasNetworks does not advocate bringing this date forward from 1 July 2019.

Should you have questions in relation to TasNetworks submission, please contact Tim Astley NEM Strategy and Compliance Team Leader on 08 6271 6151 or [tim.astley@tasnetworks.com.au](mailto:tim.astley@tasnetworks.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'K Wilding', with a small checkmark above the 'g'.

Kirstan Wilding  
Regulation Leader