



Gas Fee Structures

August 2020

Consultation Paper

A consultation on gas fee structures to apply to Participant, Auction and Exchange fees
from 1 July 2021

Important notice

PURPOSE

AEMO consults on its proposed fee structure for participant fees, exchange fees and auction fees in accordance with the extended consultative procedure under clause 135CA(3) of the National Gas Rules (Rules).

This document has effect only for the purposes set out in the Rules, and the Rules and the National Gas Law (Law) prevail over this document to the extent of any inconsistency.

This publication has been prepared by AEMO using information available at 18 August 2020.

DISCLAIMER

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Executive summary

Introduction

AEMO is seeking stakeholder views on the terms and fee structures to apply to gas participant fees, and the Pipeline Capacity Trading (PCT) Exchange Fees and Auction Fees, from 1 July 2021.

The closing date for submissions to this Consultation Paper is Monday, 19 October 2020.

Background

The current structure for:

- Participant Fees came into effect on 1 July 2018 and expires on 30 June 2021; and
- Pipeline Capacity Trading (PCT) services (comprising Exchange Fees and Auction Fees) came into effect on 1 March 2019 and will also expire on 30 June 2021.

The two sets of fee structures are being considered in parallel through this consultation process given the alignment in end dates, requirement to consult in accordance with the extended consultative procedure under the National Gas Rules (NGR), and several minor interdependencies.

Consultation scope

AEMO is seeking stakeholder views on the fee structures to apply from 1 July 2021 to participant fees and PCT fees. Specifically, this relates to fee structures applying to the following AEMO markets and services:

Participant fees:

- Declared Wholesale Gas Market (DWGM)
- Short Term Trading Market (STTM)
- Retail markets
 - Vic
 - NSW/ACT
 - Qld
 - SA
- Gas Bulletin Board (GBB)
- Gas Statement of Opportunities (GSOO)
- Energy Consumers Australia (ECA) Fees.

PCT fees:

- Capacity trading platform (CTP)
- Day-ahead auction (DAA)
- Registration fee (CTP and DAA)
- Operational Transportation Service (OTS) Code Panel.

Note that fee structures for the following services are out of scope for this consultation:

- Gas Supply Hub (GSH)
- Western Australia Full Retail Contestability (FRC) Gas Market
- Western Australia Gas Services Information (GSI).

Matters for consultation

AEMO seeks feedback on how existing fee structures could be improved to better balance Fee Structure Principles to address any emergent market trends, regulatory reforms or stakeholder-identified issues. This Consultation Paper sets out potential areas for improvement identified by AEMO (see below), however feedback from stakeholders is not limited to these issues. Stakeholders are invited to identify further issues or options for improving gas fee structures.

Gas fee structure term

1. Is a three-year term the optimal term for this gas fee structure determination?
2. Is a three-year break-even period to recover costs appropriate?

Registration fees

3. Could AEMO amend its registration fee structures to be more innovative, better realising the NGO through enhanced competition in gas markets, and if so how could this deliver benefits?
4. Should registration fees be disaggregated by registrable capacity in retail markets?
5. Should initial registration fees be introduced into wholesale gas markets to better reflect the costs associated with individual registrations?

PCT fees – disaggregation into component services

6. Would disaggregation of services traded through CTP and DAA markets result in improved cost-reflectivity, more efficient pricing or realisation of other Fee Structure Principles?

PCT fees – recovery via other markets

7. How should deficits accruing in the PCT in the current term be dealt with?
8. How should ongoing deficits accruing in the PCT in the next term be dealt with?
9. Would recovery of PCT costs through an alternative market, such as the STTM, be more reflective of the benefits derived from a broader range of registered participants?

GSOO fees – application to participants

10. Would the GSOO fee structure better reflect the Fee Structure Principles if it were applied to a larger spectrum of registered participant categories, for example other retail market participants or wholesale market participants?
11. Are changes to the fee structure, either for the GSOO or GBB, required to better reflect the involvement of registered participants due to the proposed Measures to Improve Transparency in the Gas Market?

Retail market fees – aggregation

12. Would a consolidated retail market gas fee, which is uniform across jurisdictions, result in efficiencies for retailers or realise other improvements in accordance with the principles?

Other gas fee structure issues

13. Are there further opportunities to improve gas fee structures and application of the Fee Structure Principles?

Fee Structure Principles

In determining the structure of participant fees, AEMO must have regard to:

- the National Gas Objective (NGO);
- the principles that the fee structure should be:
 - simple,
 - cost reflective
 - non-discriminatory
- other comparable fee structures.

AEMO may manage revenue excess or shortfalls through allocation in later years and may implement measures to smooth cost variation impacts.

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1. Consultation Overview

AEMO is seeking stakeholder views on the fee structures to apply to gas participant fees, and the Pipeline Capacity Trading fees, from 1 July 2021. Through this process AEMO seeks opportunities to improve fee structures and respond to emergent issues.

1.1 Background

1.1.1 Participant Fees

The current structure for participant fees came into effect on 1 July 2018 and expires on 30 June 2021.¹ AEMO is required to review and publish, in consultation with Registered participants, interested parties and such other persons as AEMO thinks appropriate, the structure and term of participant fees to apply from 1 July 2021.² AEMO must consult on the fee structure in accordance with the extended consultative procedure under the National Gas Rules (NGR).

1.1.2 Exchange Fees and Auction Fees

The current fee structure for Pipeline Capacity Trading (PCT) services came into effect on 1 March 2019 and will expire on 30 June 2021. This term was intended to align with the term of the gas participant fees structures as well as existing electricity fee structures.

Fee structures for PCT were introduced after AEMO's last determination on Participant Fees and were necessary to support new services introduced in early 2019 resulting from gas pipeline capacity trading reform.³ These fees are recovered as Exchange Fees and Auction Fees under the NGR but are considered together with participant fees through this consultation given the similar consultation requirements and term expiry dates, and benefits of taking a holistic view of gas fees.

1.2 Scope of review

AEMO is seeking stakeholder views on the fee structures to apply from 1 July 2021 to participant fees and PCT fees. This relates to fee structures applying to the following AEMO markets and services:

Participant fees:

- Declared Wholesale Gas Market (DWGM)
- Short Term Trading Market (STTM)
- Retail markets
 - Vic
 - NSW/ACT
 - Qld
 - SA
- Gas Bulletin Board (GBB)
- Gas Statement of Opportunities (GSOO)
- Energy Consumers Australia (ECA) Fees.

PCT fees:

- Capacity trading platform (CTP)
- Day-ahead auction (DAA)
- Registration fee (CTP and DAA)
- Operational Transportation Service (OTS) Code Panel.

¹ Determinations are set out for Participant Fees in AEMO Final Report Structure of participant fees in AEMO's gas markets 2018 (29 March 2018).

² S135CA(1) National Gas Rules

³ Determinations are set out for PCT Fees in AEMO Final Report Gas Pipeline Capacity Trading and Day Ahead Auction 2019 Fee Structure (12 February 2019).

Note that fee structures for the following services are out of scope of this consultation:

- Gas Supply Hub
- Western Australia Full Retail Contestability Gas Market
- Western Australia Gas Services Information.

These fee structures are prescribed in their respective market rules.

1.3 Other related reviews

This fee structure review is being conducted in parallel with three other significant AEMO reviews, being:

- Review of National Electricity Market (NEM) Fee Structures, which is reviewing and consulting on the fee structures to apply in the NEM from 1 July 2021 and is being run in parallel with this consultation;
- Renewal of the AEMO engagement model, which is seeking to deliver a material shift in the level of transparency market participants, consumers, and other stakeholders enjoy regarding AEMO’s understanding of current and emerging challenges as well as a more two-way, collaborative experience for stakeholders, in both defining problems and identifying solutions; and
- Development of a new operating model, which is considering system operator scope, legal structure, funding and regulatory models used in other jurisdictions, and emerged as a result of industry changes such as major increases in market obligations and operational complexity. The discussions on a new operating model and any outcomes from those discussions will not inform this consultation.

1.4 Indicative timetable

The closing date for submissions to this Consultation Paper is Monday, 19 October 2020.

The following table contains indicative timeframes for the consultation process, based on the extended consultation process requirements. Additional time has been provided for stakeholder submissions on the Consultation Paper and Draft Report in response to recent feedback from stakeholders regarding consultation timeframes in the current environment. However, it should be noted that timings are indicative and may change.⁴

Table 1 Consultation process indicative timeframes

Milestone	Date
Notice and consultation published	Tue, 18 Aug 2020
Submissions on Consultation Paper due	Mon, 19 Oct 2020
Draft Report published	Mon, 16 Nov 2020
Submissions on Draft Report due	Mon, 14 Dec 2020
Final Report published	Thu, 28 Jan 2021
Final Report required (no later than)	Wed, 31 Mar 2021
New fee structures take effect	Thu, 1 Jul 2021

⁴ Timeframes may be extended further to accommodate stakeholder requests for meetings in response to the Consultation Paper, or to allow stakeholders more time to consider the Draft Report, if unforeseen complexities arise. Regardless, a Final Report will be published by 31 March 2021.

1.5 Submissions and meetings

1.5.1 Meetings

Stakeholders may request a meeting with AEMO in their submission by specifying the need and reason for a meeting. Matters discussed at a meeting may be made available to other stakeholders.

1.5.2 Submissions

AEMO intends to publish all submissions on its website. Please identify any part of your submission that is confidential, and you do not wish to be published. Respondents should note that if material identified as confidential cannot be shared and validated with other interested persons then it may be accorded less weight in AEMO's decision-making process than published material. AEMO prefers that submissions be forwarded in electronic format in order to be published on the AEMO website.

Please provide submissions by 5.00pm Monday, 19 October 2020 to:

Andrea Marinelli

andrea.marinelli@aemo.com.au

Australian Energy Market Operator Limited

1.5.3 Inquiries

Inquiries and/or meeting requests should be directed to:

Kevin Ly

Group Manager Regulation

Email: kevin.ly@aemo.com.au

1.6 Fee Structure Principles

This consultation only applies to the structure of fees considered. The actual amount charged for each fee is determined on an annual basis via the AEMO budgeting process. Under the Rules, AEMO only has the power to recover market fees from registered participants including auction participants and gas trading exchange members.

In determining the structure of Participant Fees, Exchange Fees and Auction Fees, AEMO must have regard to a range of matters (referred to as the Fee Structure Principles)⁵ and these are set out below with some examples of how these requirements may be applied to reviewing the gas fee structures.

1.6.1 National Gas Objective (NGO)

...“to promote efficient investment in, and efficient operation and use of, natural gas services for the long-term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.”

The First Reading Speech to the NATIONAL GAS (SOUTH AUSTRALIA) BILL 2008 makes it clear that the NGO is an economic concept and should be interpreted as such.

“The long term interest of consumers of gas requires the economic welfare of consumers, over the long term, to be maximised. If gas markets and access to pipeline services are efficient in an economic sense, the long term economic interests of consumers in respect of price, quality, reliability, safety and security of natural gas services will be maximised. By the promotion of an economic efficiency objective in access to pipeline services, competition will be promoted in upstream and downstream markets.”

The Speech goes on to state that:

⁵ 135CA(4) National Gas Rules

“The long term interest of consumers of gas requires the economic welfare of consumers, over the long term, to be maximised. If gas markets and access to pipeline services are efficient in an economic sense, the long term economic interests of consumers in respect of price, quality, reliability, safety and security of natural gas services will be maximised. By the promotion of an economic efficiency objective in access to pipeline services, competition will be promoted in upstream and downstream markets.”

The NGO is clearly a relevant consideration where AEMO has to exercise judgment or discretion in reaching its determination, for example, if there is a number of Participant fee structures each of which can satisfy the Fee Structure principles, or where the relevant provisions of the Rules are ambiguous.”

1.6.2 Simplicity

The fee structure must be simple.

As “simple” is not defined in the Rules, it must be given its ordinary meaning as understood in the context of clause 135CA of the Rules. The New Shorter Oxford English Dictionary’s definition of “simple” (in this context) is: “not complicated or elaborate” and “plain, unadorned”. Whether a fee structure fits these definitions is largely a matter of judgement.

There is a wide range of possible fee structures. There is no single identifiable point where “simple” becomes “complicated”.

It is clear from this provision that a certain degree of complexity was envisaged in that the structure of Participant fees may involve several components and budgeted revenue consists of several elements. The structure of Participant fees need not demonstrate absolute simplicity.

The simplest fee structures are unlikely to be consistent with the other criteria. However, it is possible to find fee structures that, while consistent with the other criteria, are relatively simple, in comparison to alternative structures.

Further, AEMO considers that the use of the word “simple” in this context also involves a degree of transparency. AEMO considers that the simplicity principle means that the basis of the fee structure and its application to various Registered participants should be:

- straight-forward
- easily understood by participants
- readily applied by Registered participants and AEMO
- foreseeable and forecastable in terms of impacts and costs.

1.6.3 Cost-reflectivity

The components of the fees charged to each Registered participant should be reflective of the extent to which the budgeted revenue requirements for AEMO involve that Registered participant.⁶

Note that rule 135CA(4A) provides that the participant fees charged to a Registered participant may include a component for the recovery of capacity trading and auction costs even if those costs do not involve that Registered participant.

In determining whether the extent to which the budgeted revenue requirement relating to a particular output involves a class of Registered Participant, AEMO relies on the experience and expertise of its general managers and staff, and considers factors such as the degree to which the class of Registered Participant:

- interacts with AEMO in relation to the output;
- uses the output;
- receives the output; and
- benefits from the output.

⁶ Subject to subrule 135CA(4A)

AEMO also considers the how the revenue requirements have given rise to, or are caused by, that class of Registered Participant's presence in the market.

AEMO must determine the structure of Participant fees "afresh".

That is, it must freshly consider the application of the criteria in clause 135CA of the Rules and the NGL to the facts and analysis available to it at this time. In doing so, however, AEMO will have regard to its previous determinations under clause 135CA of the Rules, where appropriate.

The principle of "reflective of extent of involvement" does not have a specialised meaning in economics. It is consistent with the economic notion of 'user pays' but as a matter of ordinary language, it indicates a degree of correspondence (between AEMO and its costs and participants) without connoting identity.

However, this principle does not involve a precise degree of correspondence.

Where fixed and common costs are involved, multiple registered participants may be involved with AEMO costs in relevantly similar ways.

AEMO's analysis and experience shows that there are categories or classes of Registered Participants that share certain characteristics that mean that the way in which they interact with AEMO is likely to have the same or similar cost implications for AEMO.

Where it is practical for AEMO to identify costs that are fixed or common in nature that can reasonably be allocated to a class or classes of Participants that share characteristics such that their involvement with AEMO's outputs is likely to have the same or similar cost implications, AEMO will seek to do so.

1.6.4 Non-discriminatory

Fee structure should not discriminate unreasonably against a category or categories of Registered participants.

In past Participant Fee determinations, AEMO adopted the following definition of discriminate:

"Discriminate means to treat people or categories of people differently or unequally. Discriminate also means to treat people, who are different in a material manner, in the same or identical fashion. Further, "discriminate against" has a legal meaning which is to accord "different treatment ... to persons or things by reference to considerations which are irrelevant to the object to be attained".

This principle allows AEMO to discriminate against a category or categories of Registered participants where to do so would be reasonable.

Where a degree of discrimination between categories of Registered Participants is necessary or appropriate to achieve consistency with the other principles in clause 135CA of the Rules, or the NGL, the discrimination will not be "unreasonable".

In considering a past electricity fee structure determination, the Dispute Resolution Panel accepted that this principle is to be applied to the extent practicable and it is only unreasonable discrimination that offends.

Note that although the decision related to Clause 2.11.1(b)(4) of the Electricity Code, clause 135CA of the Rules is substantially the same as the equivalent clause in the Electricity Code.

1.6.5 Comparability

AEMO must have regard to other fee structures that AEMO thinks appropriate for comparison purposes.

Note that this is not strictly a principle but is included for completeness in describing the matters for which AEMO must have regard.

Other relevant fee structures could include:

- National Electricity Market (NEM) fee structures for comparable markets or services
- Other gas market fee structures such as Western Australia markets or globally
- Other gas markets also the subject of this consultation process.

1.6.6 Other matters

It is also relevant to note that the participant fees:

- should be sufficient to cover AEMO's budgeted revenue requirements.
- charged to a Registered participant may include a component for the recovery of capacity trading and auction costs even if those costs do not involve that Registered participant.

1.6.7 Balancing Fee Structure Principles

The Rules do not expressly indicate that one or another of these Fee Structure Principles should have greater weight than the others. However, where it is not practicable for AEMO satisfy all of the principles or satisfy them all to an equal degree, AEMO may adopt a structure which is not equally consistent with all the principles. Therefore, meeting the requirements established under the NGR typically requires a trade-off between principles. That is, an option to improve the fee structure against one principle may lessen the applicability of another principle.

For example, a commonly competing principles are cost-reflectivity and simplicity. While cost-reflectivity in a fee structure could be improved through measures such as disaggregation of fees, markets or services, this would decrease simplicity of the fee structure, and the systems to manage fees would become more complex.

AEMO's objective through this review and consultation process is to strike a balance between competing Fee Structure Principles, through careful consideration of the principles and stakeholder feedback on how any fee structure changes impact various stakeholders. It is also relevant to note that the participant fees:

- should be sufficient to cover AEMO's budgeted revenue requirements.
- charged to a Registered participant may include a component for the recovery of capacity trading and auction costs even if those costs do not involve that Registered participant.

1.7 Budget and Fee Structure

The operation of clause 135CA, dealing with the Development of participant fee structure, needs to be understood in the context of its surrounding provisions which deal with budgets and the payment of Participant fees:

- Under clause 135CF(1) of the NGR, AEMO is required to prepare and publish its budgeted revenue requirements.
- That budget must take into account and identify revenue requirements for the matters set out in clause 135CF(2) of the NGR.
- Some, but not all of these matters are referred to in the components of Participant fees specified in 135CC(1)
- However, AEMO may adopt 'components' of Participant fees which are different to or more than those set out in clause 135CC(1).
- Section 135CA(5) of the NER provides that Participant fees should recover recurrent expenditure through principles prescribed under the NGR.

- Under section 135CE, AEMO may charge Registered Participants the relevant component of Participants fees in accordance with the structure of Participant fees.

Consequently, the scheme of clauses 135CA, 135CE and 135CF of the NGR is:

- To require AEMO to determine the structure of Participant fees according to certain rules;
- To require AEMO to determine AEMO's budgeted revenue requirements according to certain rules; and
- To empower AEMO to recover the budgeted revenue requirements through charging Registered Participants in accordance with the structure of Participant fees.

2. Current Gas Fee Structures

Gas fee structures applying in the current period were reviewed and developed by AEMO through the extended consultative procedures in the NGR and were considered to reflect an optimal balance of the principles given the prevailing features of gas markets.

The fee structures developed through the last gas participant fees, and CTP Exchange Fees and the Day Ahead Auction (DAA) Fees, consultation processes are set out below in Table 2.

Note that wording and terminology from the last gas fee structure determination is refined below to clarify meaning, improve alignment with the NGR and enhance consistency between fees, and this is shown below in Table 2. For reference, a direct copy from the previous determination is set out in Appendix A.

Table 2 Current Gas Fee Structures

	Liable registered participants	Fee structure
DWGM		
Energy Tariff	Each Market Participant withdrawing gas from the Declared Transmission System.	\$ / GJ withdrawn
Distribution Meter Fee	Each Market Participant connected to a Declared Distribution System, or whose customers are connected to a Declared Distribution System, at a connection point at which there is an interval metering installation.	\$ / connection point with interval metering installation / day
Participant Compensation Fund (PCF)	Each Market Participant withdrawing gas from the Declared Transmission System.	\$ / GJ withdrawn
STTM		
Activity Fee	Each STTM Shipper and STTM User withdrawing gas at any hub.	\$ / GJ withdrawn / hub / ABN
PCF	Each STTM Shipper and STTM User withdrawing gas at any hub.	\$ / GJ withdrawn / hub / ABN
Retail		
Vic Gas Tariff	Each Victorian retail gas market participant participating in the registrable capacity of market participant – retailer.	\$ / customer supply point
Vic Gas initial registration fee	Each new Victorian retail gas market participant registering in the capacity of market participant – retailer or market participant – other.	\$ / registration
Qld, SA, NSW & ACT Gas Tariff	Each retail gas market participant participating in the registrable capacity of retailer.	\$ / customer supply point (by jurisdiction)
Qld, SA, NSW & ACT Gas initial registration fee	Each new retail gas market participant registering in the registrable capacity of retailer or self contracting user.	\$ / registration
GSOO		
GSOO Tariff	Each retail gas market participant participating in the registrable capacity of market participant – retailer in Vic or retailer in NSW/ACT, Qld and SA.	\$ / customer supply point

GBB		
Producers	Each BB facility operator for a BB production facility.	\$ / GJ produced (to allocate 50% of GBB costs)
Wholesale gas markets participants	Each Market Participant withdrawing gas in the DWGM or each STTM Shipper or STTM User withdrawing gas at any hub.	\$ / GJ withdrawn (to allocate 50% of GBB costs)
Registration fee ⁷	Each new BB participant registering in the registrable capacity of: <ul style="list-style-type: none"> • BB allocation agent; • BB transportation facility user; and • BB capacity transaction reporting agents. 	\$ / registration
ECA		
Energy Consumers Australia (ECA) On-Charge	Each retail gas market participant participating in the registrable capacity of market participant – retailer in Victoria or retailer in NSW/ACT, Qld and SA.	\$ / customer supply point
PCT		
CTP fee	Each trading participant - buyer and seller.	\$ / licence / annum \$ / GJ of traded capacity
DAA fee	Each auction participant.	\$ / GJ of auction capacity
Registration fee	Each new participant, including: <ul style="list-style-type: none"> • Part 24 Facility operators; and • Day ahead - Auction participants. 	\$ / registration
OTS Code Panel	Each trading participant.	\$ / GJ on CTP and DAA trades

⁷ Registration fees were introduced via determination on PCT fees – AEMO Final Report Gas Pipeline Capacity Trading and Day Ahead Auction 2019 Fee Structure, 12 February

3. Key matters for consultation

AEMO seeks feedback from its stakeholders on how existing fee structures could be improved to better balance Fee Structure Principles to address any emergent market trends, regulatory reforms or stakeholder-identified issues.

This section sets out potential areas for improvement identified by AEMO. It summarises the current approach, identifies potential issues for consideration by stakeholders and poses some high-level options for addressing the issues. Potential improvements were identified based on consideration of the Fee Structure Principles, issues raised by external stakeholders since the last fee structure determination, and consideration by internal AEMO stakeholders.

Feedback from stakeholders is not limited to issues identified by AEMO in this section. Sub-section 3.7 invites stakeholders to identify further issues or options for improving gas fee structures which should be considered through this consultation, and provides some guidance on the factors that stakeholders might consider.

3.1 Gas fee structure term

3.1.1 Current approach

The Rules permit AEMO to set participant fee structures for a period of time as it considers appropriate⁸. The 2012, 2015 and 2018 determinations fixed the term of participant fee structures at three years. CTP and DAA fee structures will expire on 30 June 2021 to align with the expiry of the participant fee structure (and the electricity fee structures). This was intended to provide efficiency for participants and AEMO, as well as certainty for participant budgets.

Currently, a three-year rolling period is used to recover costs in each market. The intent of this approach was to provide a balance between reducing year to year variability and maintaining the 'user pays' principle (i.e. cost-reflectivity).

3.1.2 Issues

Setting a fee structure over a longer period, for example five years, provides certainty and predictability. This needs to be balanced against having the ability to change a fee structure if circumstances change. There are several regulatory reforms and market factors which may impact the gas industry over the next few years. Such changes include well-progressed reforms like the DWGM wholesale price reforms and gas transparency measures; emergent reforms required to accommodate hydrogen networks; and uncertain market dynamics and trends such as domestic gas supply, global demand, and price impacts.

3.1.3 Proposed approach

AEMO does not propose a change to the three-year term or the three-year rolling period used to recover costs. As indicated above, AEMO considers this approach best balances the need to manage the impact of expenditure variability with the realisation of the 'user pays' principle.

⁸ S135CA(1) National Gas Rules

Question

1. Is a three-year term the optimal term for this gas fee structure determination?
2. Is a three-year rolling period to recover costs appropriate?

3.2 Registration fees

Registration fees are levied in some gas markets as an upfront charge reflecting the cost of resources and efforts attributable to registering a new registered participant.

3.2.1 Current approach

The approach to applying initial registration fees varies across AEMO's gas markets and services. That is, registration fees are:

- not charged for initial registrations on the DWGM or STTM (that is, the costs of registration are recovered from all participants through ongoing market fees); and
- charged for initial registrations in retail markets, PCT markets and for some GBB categories to reflect the costs for time and effort to register and onboard new participants.

Table 3 Registration fees by market and participant

Registration Fee	Liable registered participants	Fee structure
Retail markets		
Vic gas initial registration fee	Each new Vic retail gas market participant registering in the capacity of market participant – retailer or market participant – other.	\$ / registration
Qld gas initial registration fee	Each new Qld retail gas market participant registering in the registrable capacity of retailer or self contracting user.	\$ / registration
SA gas initial registration fee	Each new SA retail gas market participant registering in the registrable capacity of retailer or self contracting user.	\$ / registration
NSW/ACT retail registration fee	Each new NSW or ACT retail gas market participant registering in the registrable capacity of retailer or self contracting user.	\$ / registration
GBB		
BB allocation agents	Each new BB participant registering in the registrable capacity of BB allocation agent.	\$ / registration
BB transportation facility user	Each new BB participant registering in the registrable capacity of BB transportation facility user.	\$ / registration
BB capacity transaction reporting agents	Each new BB participant registering in the registrable capacity of BB capacity transaction reporting agents.	\$ / registration
Pipeline Capacity Trading		
Part 24 Facility Operator	Each new participant registering to participate in Pipeline Capacity Trading.	\$ / registration

DAA Auction Participant	Each new participant registering to participate in Pipeline Capacity Trading.	\$ / registration
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3.2.2 Issues

AEMO is interested in how its approach to registration fees could be improved to enhance cost-reflectivity, transparency and non-discrimination, or be more innovative to promote greater participation and competition in gas markets.

Three key matters are considered in relation to initial registration fees, being:

1. Upfront fee: Potential for a more innovative approach to structuring the up-front initial registration fees to incentivise entry into, and therefore competition in, gas markets to better realise the NGO.
2. Cost-reflectivity and transparency: Current fee structure typically aggregates the initial registration fee for all registerable capacities in a market (where registration fees are changed).
3. Incentive to commit: Currently where upfront registration fees are not charged, AEMO is unable to recover costs when an application is withdrawn. This results in existing participants subsidising time and effort expended on these types of applications.

3.2.3 Alternative approach

There are potentially many options for addressing the issues above. Some high-level options are set out below, for the purpose of consideration through this consultation process.

This consultation considers three broad areas for potential reform in registration fees, each of which potentially comprises a spectrum of options for improvement and requires trade-offs between the various Fee Structure Principles. Careful consideration against the needs of stakeholders and AEMO is required to determine whether a change to registration fee structures is required and if so, which approach reflects the optimal application of the principles and the NGO.

Incentivising participation and competition in gas markets

AEMO considers that there may be potential within the existing fee structures to apply a more innovative approach to the recovery of registration costs which could increase participation and competition in gas markets. The careful design of these measures could optimally balance cost-reflectivity and simplicity to better realise the NGO through improved efficiencies.

Enhancing cost-reflectivity and transparency within markets

AEMO could disaggregate registration fees by registrable capacity in each market. This would give greater transparency and therefore reflect the costs associated with registration and onboarding activities. Further analysis would be required to understand the potential impact on various participant categories, and that this could potentially result in an increase in registration fees for some participant categories and a decrease for others. It is noted that additional cost and burden for AEMO might arise out of the requirement to set and maintain fees for multiple registration categories, and that there may be little difference to overall revenue recovered through registrations.

Enhancing cost-reflectivity and transparency across markets

There is potential to better reflect registration effort associated with wholesale gas markets through the disaggregation of upfront registration costs from ongoing operational costs. Upfront registration fees are already being charged in other gas markets (e.g. retail and PCT) and broadening this approach to wholesale markets would result in greater cost-reflectivity. This is because currently the costs of registering individual parties in wholesale markets is aggregated with ongoing operational costs in those wholesale markets, and therefore all Registered participants contribute to new registrations.

This approach would result in a further benefit for AEMO as it would have a mechanism to recover costs associated with withdrawn applications from existing participants.

As discussed in the preceding subsection, AEMO is considering how any initial registration fees can be structured to incentivise entry into markets, and this would be considered in conjunction with any option to introduce upfront registration fees in wholesale gas markets.

Questions

3. Could AEMO amend its registration fee structures to be more innovative and better realise the NGO through enhanced competition in gas markets, and if so how could this work and how would it deliver benefits?
4. Should registration fees be disaggregated by registrable capacity in retail markets?
5. Should initial registration fees be introduced into wholesale gas markets to better reflect the costs associated with individual registrations?

3.3 PCT fees – disaggregation into component services

PCT allows participants to trade spare gas pipeline capacity, helping to encourage transmission pipelines and compressors outside of the Victorian Declared Transmission System to be used more efficiently. PCT services facilitate the trading of transmission pipeline and compression services (jointly referred to as ‘transportation services’) through two key mechanisms:

- a CTP that shippers can use to trade secondary capacity ahead of the nomination cut-off time, and provides for exchange-based trading of commonly traded products and a listing service for other more bespoke products; and
- a DAA of contracted but un-nominated capacity, conducted shortly after nomination cut-off and subject to a reserve price of zero (with compressor fuel provided in-kind by shippers).

3.3.1 Current approach

Below in Table 4 is a summary of fee structures for PCT services. Note that registration fees for these services are considered previously in section 3.2 as part of broader consideration of registration fees but are included below for completeness.

Table 4 Current PCT fees

	Liabe registered participants	Fee structure
CTP annual licence fee	Each trading participant - buyer and seller.	\$ / licence / annum
CTP fee	Each trading participant - buyer and seller.	\$ / GJ of traded capacity
DAA fee	Each auction participant.	\$ / GJ of auction capacity
Registration fee	Each new participant, including: <ul style="list-style-type: none"> • Part 24 Facility operators; and • Day a head - Auction participants. 	\$ / registration
OTS Code Panel	CTP and DAA trading participants	\$ / GJ of all CTP and DAA trades

For CTP trading participants, being buyers and sellers on the CTP, a fixed annual licence fee applies⁹, and a variable fee based on \$/GJ volume levied on daily, weekly and monthly products. Existing GSH trading participants are automatically admitted to trade capacity products and do not need to pay for an additional licence. The rationale for the existing CTP fee structure was that it was simple and reflective of involvement in both the GSH markets and CTP; and that the CTP has similar operating structure and participants across GSH and CTP.

The DAA fee structure comprises a variable fee for the DAA based on capacity/volume. The rationale for the existing DAA fee structure was that it was simple and reflective of involvement for participants based on capacity of auction products purchased.

The OTS Code Panel is a panel of individuals established by AEMO to assess and consult on proposals to amend the OTS Code. The OTS code panel establishment and membership is prescribed by the Rules and is necessary for the functioning of both CTP and DAA markets. The rationale for the existing OTS Code Panel fee structure was that it was simple and reflective of involvement using a variable fee based on activity in the secondary capacity markets.

3.3.2 Issues

The PCT was established in 1 March 2019 and therefore the CTP and DAA are still relatively new markets. As highlighted above, the CTP and DAA fee structures are set to expire on 30 June 2021 to align with the expiry of the participant fee structure. As AEMO and participants now have a practical understanding of the operation and utilisation of the CTP and DAA, the fee structures may benefit from a review at this early stage, to identify any opportunities for improvement.

3.3.3 Alternative approach

Better cost-reflectivity could potentially be achieved through disaggregation of transportation services traded through PCT into component services. For example, services could be disaggregated into compression services and transmission pipeline services, or transmission pipeline services could be even further disaggregated into backhaul services and forward haul services.

The rationale would be to disaggregate the trading of lower value services (e.g. compression services) from higher value services (e.g. transport services) which could:

- improve realisation of the NGO, particularly the price of supply, through:
 - improved granularity in pricing by service, promoting more efficient pricing outcomes achieved through PCT; and
 - increased trading participation for participants seeking lower value services (e.g. compression services).
- better achieve cost reflectivity as lower value services are decoupled from higher value services.

The trade-off in disaggregation of services would be a reduction in simplicity as trading participants are required to plan and submit bids in respect of specific services.

Questions

6. Would disaggregation of services traded through CTP and DAA markets result in improved cost-reflectivity, more efficient pricing or realisation of other Fee Structure Principles?

⁹ This fee reflects our costs to use the Trayport software that is used for GSH and CTP and is intended only to cover AEMO costs

3.4 PCT fees – recovery via other markets

As summarised above, PCT allows participants to trade spare gas pipeline capacity, and increase utilisation of gas pipeline and compression facilities that are located outside of the Victorian Declared Transmission System. The PCT reforms have facilitated an increase in trading of gas between wholesale markets with gas regularly purchased in Queensland (through the Gas Supply Hub) transported and traded into the southern markets, that is the DWGM and STTM.

3.4.1 Current approach

Fee structures for PCT services are summarised in the preceding section. The costs of establishing and operating the three PCT services (i.e. CTP, DAA and the OTS Code Panel) are individually ring-fenced from the costs of other markets to ensure that any surplus or deficit is retained within those accounts.

Given that participation in PCT markets is voluntary, the NGR provide that the participant fees charged to a Registered participant may include a component for the recovery of capacity trading and auction costs even if those costs do not involve that Registered participant.¹⁰ This allows AEMO to recover these costs from other markets should it not recover its full costs through fees levied on trades in the PCT markets.

To date AEMO has not called on this provision, instead recovering fees from trading participants in the CTP and DAA as exchange fees and auction fees respectively. If AEMO and its stakeholders consider that there is a need to recover PCT through an alternative market, this entails a change in fee structure as it potentially requires review of which participants these fees are recovered from, and also potentially the basis of the fees.

3.4.2 Issues

PCT cost-reflectivity

While it is the trading participants in the PCT that pay fees to trade in the CTP and DAA, these markets benefit a broader range of registered participants and contribute to a greater realisation of the NGO as efficiencies enabled through capacity trading are realised.

High-level analysis by the Australian Energy Regulator (AER) indicates market benefits arising out of the PCT, not just in the Gas Supply Hub but in the STTM.¹¹ The beneficiaries of PCT markets are therefore broader than just the trading participants who are liable for trading fees. The beneficiaries may be as broad as:

- DAA participants making a return on the opportunity (and already subject to fees);
- purchasers within the STTM who are exposed to the price; and
- sellers at the origin (i.e. Queensland producers) who are extracting a higher price for their gas.

There may be others that benefit under different market conditions, as lowest priced gas is transported to where the demand calls for it the most.

PCT deficit

Since the establishment of the PCT, DAA volumes have been higher than forecast, however CTP trading has not been utilised. In aggregate, across CTP, DAA and OTS Service Panel accounts, based on current performance, there is a deficit that will accrue to the end of the current fee structure term (i.e. to 30 June 2021) as well as a similar sized deficit which is forecast to potentially accrue in the next term (i.e. to 30 June 2024). The DAA market is well used and is almost at a break-even point for FY20. The deficit is therefore primarily attributable to the under-utilisation of the CTP.

AEMO is currently funding the deficit. This deficit will ultimately need to be recovered from Registered participants, and to the extent that past performance is an indicator of future performance, this may not be possible from trading participants in the CTP and DAA over the short- to medium-term.

¹⁰ National Gas Rules, 135CA(4A)

¹¹ High-level analysis by the Australian Energy Regulator (Wholesale Markets Quarterly—Q3 2019).

3.4.3 Alternative approach

AEMO is considering several measures to address the above issues, and this includes fee structure and other changes to the PCT. For example, in parallel with this fee structure review AEMO is considering:

- Reducing the CTP fee to incentivise greater participation in the CTP;
- Increasing the DAA fee to reflect the high benefits being derived by auction participants and more broadly in the market; and
- Accommodating the use of brokers in the CTP to facilitate and incentivise participation.

Structural options for dealing with the PCT deficit and to improve cost reflectivity are discussed below.

Recovery from alternative market

As noted above, the participant fees charged to a Registered participant may include a component for the recovery of capacity trading (i.e. CTP) and auction costs (i.e. DAA) even if those costs do not involve that Registered participant. While AEMO has sought to recover PCT costs from trading participants in the CTP and DAA, it has not been able to fully recover costs on this basis.

AEMO is therefore considering the option of recovering these costs from the Registered participants of another market, such as the STTM. This may be the most appropriate market on the basis that it is the wholesale market which derives a benefit from PCT trades.

A potential additional benefit of dealing with the PCT deficit through an alternative market is that recovery from a broader range of registered participants might better reflect the range of beneficiaries of those markets. That is, under current arrangements it may be that fees are recovered from too narrow a group of registered participants (recovering from trading participants but not purchasers within the STTM and sellers at the origin). However it is noted that, under an alternative arrangement, fees may be recovered from too broad a group of Registered participants (recovering from Registered participants that cannot or would not participate in the PCT).

Cost-reflectivity of any reform would require careful consideration. This would include analysis of the benefits derived by various participant categories, and the impact of various options or combination of options for cost or deficit recovery discussed below.

Treatment of current term deficit

AEMO may recover a shortfall of revenue as against expenditure for the provision of a service in a later financial year or later financial years.¹² Options for recovering the deficit accruing from the current fee structure term (i.e. FY19 – FY21) include:

- Recover from an alternative market. This would involve recovering the deficit accrued during the current fee structure term via fees applied to Registered participants of another market. This cost could be recovered over several years to mitigate the impact to fees in that market.
- Continue to hold the deficit in the PCT accounts. This would involve holding the deficit in the ring-fenced accounts over the next fee structure term. This would incur financing costs, which would ultimately need to be recovered by AEMO in the future.

Treatment over next term

The ongoing treatment of PCT fees also requires consideration given current performance. Considerations include whether the surplus/ deficit in all PCT accounts (i.e. CTP, DAA and OTS Code Panel accounts) should be treated in aggregate or whether only the deficit in the CTP should be considered. Consideration is also required regarding whether only the deficit, or all costs, should be recovered from an alternative market. Options for treatment over the next gas fee structure term follow.

Recovery of CTP deficit only versus recovery of all costs.

¹² National Gas Rules, 135CA(5)(b)

- Recover deficit only from alternative market. This would involve recovering costs via trading participants fees as per the status quo, but then allocating any deficit to another market for recovery from the Registered participants in that market. In this way fees would be recovered from PCT participants to the extent possible and would only be allocated to other markets if required.
- Recover all costs from alternative market. This would involve pooling the costs and revenue associated with PCT markets with the alternative market. This would mean that fees would not be charged for participation in the PCT and that costs would be recovered through fees of the alternative market. This approach could lead to increased participation in PCT markets as individual trades are not subject to AEMO fees, and this could lead to enhanced market efficiencies in the GSH and STTM.

Recovery of PCT in aggregate versus recovery of CTP only

- Recover PCT in aggregate. This would involve aggregating all costs (or just deficit per above discussion) associated with CTP, DAA and the OTS Code Panel and recovering these costs (or deficit) from an alternative market. AEMO considers that this option would be consistent with the design intent that the CTP and DAA markets should operate in conjunction with each other. It is therefore logical that the CTP deficit be recovered from any DAA surplus first, before being recovered from another market.
- Recover CTP only. This would involve only recovering CTP from an alternative market given that the CTP is accruing a material deficit while the other services could foreseeably break even over the next fee term.

Retain status quo

- Continue to accrue to PCT accounts over the next fee structure term. This would involve holding the deficit in the ring-fenced accounts over the next fee structure term. This would incur financing costs, which would ultimately need to be recovered by AEMO in the future.

Questions

7. How should deficits accruing in the PCT in the current term be dealt with?
8. How should ongoing deficits accruing in the PCT in the next term be dealt with?
9. Would recovery of PCT costs through an alternative market, such as the STTM, be more reflective of the benefits derived from a broader range of registered participants?

3.5 GSOO fees – application to participants

The GSOO provides AEMO’s forecast of annual gas consumption and maximum gas demand, and reports on the adequacy of eastern and south-eastern Australian gas markets to supply forecast demand over a 20-year outlook period.

3.5.1 Current approach and issues for consideration

Retailers across the retail gas market jurisdictions are currently charged for GSOO costs at a flat rate per customer supply point, as summarised below.

Table 5 GSOO Fee structure

	Liabe registered participants	Fee structure
GSOO Tariff	Each retail gas market participant participating in the registrable capacity of market participant – retailer in Vic or retailer in NSW/ACT, Qld and SA.	\$ / customer supply point

3.5.2 Issues

Recovery from registered participants

The current approach is reasonably narrow in terms of which registered participants it recovers GSOO costs from, that is from retailers. Allocation of costs to only retailers may not reflect the benefits derived from a broad range of stakeholders in retail and wholesale markets. It is noted that while the GSOO benefits a range of stakeholders, including governments and infrastructure investors, AEMO is required under the NGR, to only recover its costs from Registered participants.

Under the current fee structure, GSOO fees are not currently recovered from registered participants in wholesale markets, being the DWGM or the STTM, or from those registered as a GBB Participant.

To potentially improve cost-reflectivity and non-discrimination it may be relevant to consider the recovery of GSOO costs from a broader registered participant base. It is important to note that a change to the recovery of the GSOO may trigger systems changes and the cost of such change would be carefully weighed against its benefits.

Measures to Improve Transparency in the Gas Market

The Measures to Improve Transparency in the Gas Market Decision Regulation Impact Statement (RIS) was endorsed by the former COAG Energy Council in March 2020. The RIS examined options to improve transparency in gas markets and focussed on addressing information gaps and asymmetries. It is anticipated that the amended regulatory framework will come into effect in 2021.

Importantly, the proposed Measures to Improve Transparency in the Gas Market may shift the involvement of various participants in the GSOO, as well as the GBB. That is the regulatory changes will:

- require an increased range of participants to provide additional information through the GBB and other channels;
- enhance the information provided through the GSOO and there the value derived by stakeholders; and
- increase the range of participants realising value through the GSOO.

3.5.3 Alternative approaches

Alternative approaches could involve:

- Application of fees to registered participants of wholesale markets; or
- Application of fees to producers through the GBB.

Any alternative approach should be considered in light of the proposed Measures to Improve Transparency in the Gas Market reform and how the GSOO fee structure could accommodate the shift in involvement between various registered participants. This involvement requires consideration of which registered participants realise a benefit from the reform, as well as the extent to which registered participants interact with AEMO and its systems due to the changes.

Recovery from registered participants in wholesale markets

This approach would recover GSOO costs from registered participants in the DWGM and STTM such as producers, storage providers, traders and market customers, as well as retailers, in those markets. Such a change may result in improved cost-reflectivity as costs are recovered from a broader participant base, capturing additional registered participant categories deriving a benefit from the GSOO.

A logical basis for the fee would be \$ / GJ withdrawn, which is commensurate with each registered participant's participation in wholesale markets.

Recover from registered participants for GBB

Another alternative approach could be to recover costs through fees on producers, for example by charging BB facility operators for a BB production facility. This would be similar to the current approach for recovering the 50% of GBB costs attributed to Producers.

A logical basis for the fee would be \$ / GJ produced, which is commensurate with each Producer's participation in the GBB.

Questions

10. Would the GSOO fee structure better reflect the Fee Structure Principles if it were applied to a larger spectrum of registered participant categories, for example other retail market participants or wholesale market participants?
11. Are changes to the fee structure, either for the GSOO or GBB, required to better reflect the involvement of registered participants due to the proposed Measures to Improve Transparency in the Gas Market?

3.6 Retail market fees – aggregation

AEMO's gas retail markets allow licensed retailers to sell natural gas to residential and business customers in New South Wales, the Australian Capital Territory, Queensland, South Australia and Victoria¹³. The gas retail markets are operated according to a set of processes, responsibilities and obligations that AEMO administers. AEMO also provides the systems to facilitate interactions between industry participants.

Specifically, AEMO provides the following services to participants in its retail markets:

- Support retail market functions and customer transfers;
- Manage data for settlement purposes;
- Implement market procedure changes; and
- Operate the central IT systems that facilitate retail market services.

3.6.1 Current approach

AEMO operates the following retail gas markets:

- Victorian retail gas market;
- New South Wales / Australian Capital Territory retail gas market;
- Queensland retail gas market;
- South Australian retail gas market.

Retail market fees are developed for each of the above retail gas markets on the basis described below.

Table 6 Retail gas market fees

	Liable registered participants	Fee structure
Vic Gas Tariff	Each Victorian retail gas market participant participating in the registrable capacity of market participant – retailer.	\$ / customer supply point

¹³ AEMO also operates a WA market but this is not considered through this consultation process.

Vic Gas initial registration fee	Each new Victorian retail gas market participant registering in the capacity of market participant – retailer or market participant – other.	\$ / Initial registration
Qld, SA, NSW & ACT Gas Tariff	Each retail gas market participant participating in the registrable capacity of retailer.	\$ / customer supply point (by jurisdiction)
Qld, SA, NSW & ACT Gas initial registration fee	Each new retail gas market participant registering in the registrable capacity of retailer or self contracting user.	\$ / Initial registration

The fee structure is the same across all AEMO gas retail markets. Note that there is an initial registration fee for a participant to join the market and the fees are levied on a \$ / registration basis. For completeness, this is included in the table above, however, is covered in the preceding discussion of registration fees previously in section 3.2.

3.6.2 Issues

The activities associated with the operation of each retail market are similar, and the current disaggregation of fees across various jurisdictions results in some administrative duplication by AEMO. Likewise, there may be some additional effort by retailers operating across retail markets to process multiple AEMO fees.

3.6.3 Alternative approach

There is potential to achieve greater simplicity for retail market gas tariff fees by applying a single charge across all jurisdictions which could benefit both Registered participants and AEMO through efficiencies such as consolidated billing and settlement processes.

It is noted that there is variance in the \$ / supply point fee for each of the retail markets, which is partly attributable to the number of customers in each market. This means that a uniform tariff would likely result in tariff increases in lower priced retail markets (e.g. in Victoria) and tariff decreases in higher priced retail markets (e.g. Queensland). While this approach is inherently less cost reflective, this may be offset by the efficiencies of a simpler approach, and comparability with the NEM retail fee structure.

In previous fee structure consultations, consolidating the retail gas market tariffs into one single tariff across all gas retail markets has been considered, but not adopted. This was on the basis that the procedures, systems and internal processes for each jurisdiction are different. This continues to be the case, however AEMO is interested in whether there is any appetite to change arrangements for the forthcoming term.

Question

12. Would a consolidated retail market gas fee, which is uniform across jurisdictions, result in efficiencies for retailers or realise other improvements in accordance with the principles?

3.7 Other gas fee structure issues

Key issues and potential improvement opportunities are summarised in the preceding sections. Stakeholder submissions are not limited to these considerations. AEMO invites comments on any other potential improvement opportunities or issues of concern, and stakeholders are encouraged to have regard to:

- potential factors for consideration listed below;
- the Registered participants that comprise each market (refer to Appendix B);
- the existing fee structures and application to Registered participants (refer to section 2); and
- the NGO and the principles to be considered in proposing alternative options (refer to section 1.6).

Specifically, Registered participants may wish to apply the following considerations to guide thinking.

- Alignment with Fee Structure Principles: Does the existing fee structure, strike an appropriate balance between the principles?
- Services: Are services aggregated or disaggregated on an appropriate level and basis?
- Registered participants: Is there a reasonable basis for applying or not applying fees to various categories of Registered participant and is this consistent with the principles?
- Market trends: What improvements to gas fee structures are required to accommodate market reforms, dynamics or trends, now and over the term of the fee structure?

Question

13. Are there further opportunities to improve gas fee structures and application of the Fee Structure Principles?

4. Appendix A: Current fee structures provided by 2018 determination

Section 2 summarises the current fee structures developed. As noted in that section, wording and terminology from the last gas fee structure determination was refined to clarify meaning, better align with the NGR and improve overall consistency. For reference, the determinations as established through the previous Participant Fee and PCT consultations is set out below.¹⁴

Table 7 Fee structures as established by previous determinations

Area	Final fee structure (to commence 1 July 2018)
DWGM	<p>DWGM Energy Tariff</p> <p>Who pays? Each market participant who withdraws gas, or whose customers withdraw gas, from the Declared Transmission System.</p> <p>How fee is applied? A flat rate (\$ per gigajoule) for each gigajoule of gas withdrawn daily from the Declared Transmission System.</p> <p>Fee metric? \$/GJ withdrawn/ daily.</p>
	<p>DWGM Distribution Meter Fee</p> <p>Who pays? Each market participant who is connected to a Declared Distribution System, or whose customers are connected to a Declared Distribution System, at a connection point at which there is an interval metering installation.</p> <p>How fee is applied? A flat rate (\$) for each connection point which is an interval metering installation.</p> <p>Fee metric? \$/each connection point which is an interval metering installation/daily.</p>
	<p>DWGM Participant Compensation Fund</p> <p>Who pays? Each market participant who withdraws gas, or whose customers withdraw gas, from the Declared Transmission System.</p> <p>How fee is applied? A flat rate (\$ per gigajoule) for each gigajoule of gas withdrawn from the Declared Transmission System.</p> <p>Fee metric? \$/GJ withdrawn/ daily.</p>
STTM	<p>STTM Activity Fee</p> <p>Who pays? Each STTM Shipper and STTM User who withdraws gas at any STTM Hub</p> <p>How fee is applied? A flat rate (\$ per GJ) for the actual quantities of gas withdrawn daily at STTM Hubs.</p> <p>Fee metric? \$/GJ withdrawn per day per hub per ABN.</p>
	<p>STTM Participant Compensation Fund</p> <p>Who pays? Each market participant who withdraws gas, or whose customers withdraw gas, from a STTM Hub</p> <p>How fee is applied? A flat rate (\$ per gigajoule) for each gigajoule of gas withdrawn from a STTM Hub.</p> <p>Fee metric? \$/GJ withdrawn per hub per ABN.</p>

¹⁴ Determinations are set out for Participant Fees in AEMO Final Report Structure of participant fees in AEMO's gas markets 2018 (29 March 2018); and for PCT Fees in AEMO Final Report Gas Pipeline Capacity Trading and Day Ahead Auction 2019 Fee Structure (12 February 2019).

VIC FRC Gas	<p>VIC FRC Gas Tariff</p> <p>Who pays? Victorian FRC gas market participants who are retailers.</p> <p>How fee is applied? A flat rate</p> <p>Fee metric? \$ per customer supply point.</p> <p>VIC FRC Gas initial registration fee</p> <p>Who pays? Each new Victorian FRC gas market participant who is registering in the category of Market Participant – Retail or Market Participant – Other.</p> <p>How fee is applied? A once-off fee (\$) at a set amount.</p>
QLD, SA & NSW FRC Gas	<p>QLD, SA & NSW/ACT FRC Gas Tariff</p> <p>Who pays? FRC gas market participants who are retailers.</p> <p>How fee is applied? A flat rate per each individual jurisdiction.</p> <p>Fee metric? \$ per customer supply point for each individual jurisdiction.</p> <p>QLD, SA & NSW/ACT FRC Gas Initial Registration Fee</p> <p>Who pays? Each new FRC gas market user and self-contracting user.</p> <p>How fee is applied? A once-off fee (\$) at a set amount.</p>
GSOO	<p>GSOO Tariff</p> <p>Who pays? Retailers and users, excluding self-contracting users, in the Victorian, NSW/ACT, Queensland and South Australian FRC gas markets.</p> <p>How fee is applied? A flat rate.</p> <p>Fee metric? \$ per customer supply point.</p>
Gas Bulletin Board	<p>GBB Fee</p> <p>Who pays?</p> <ul style="list-style-type: none"> • 50% Producers • 50% Participants in Wholesale Gas Markets (Retailers and Direct Customers in the DWGM and STTM markets) <p>How fee is applied?</p> <ul style="list-style-type: none"> • Producers: A flat rate (\$ per gigajoule) for the actual quantities of gas produced. • Participants in Wholesale Gas Markets: A flat rate (\$ per gigajoule) for each gigajoule of gas withdrawn from the Declared Transmission system or STTM hubs.
Energy Consumers Australia (on-charge)	<p>ECA Fee</p> <p>Who pays? FRC gas market participants</p> <p>How fee is applied? A flat rate</p> <p>Fee metric? \$ per customer supply point.</p>
CTP fee structure	<p>Trading participants</p> <p>Fixed fee p.a. – per licence</p> <p>Variable fee levied on the buyer and seller –</p> <ul style="list-style-type: none"> • *Daily product fee (\$/GJ) • *Weekly product fee (\$/GJ) • *Monthly product fee (\$/GJ)
DAA fee structure	<p>Variable fee (\$/GJ) levied on the buyer.</p>

Registration fee Fixed registration fee for new participants registered as a result of the capacity trading reform:

- Facility operators
- Auction participants
- BB allocation agents

BB transportation facility user and capacity transaction reporting agents

OTS Code Panel Variable fee (\$/GJ) levied on all DAA and CTP trades.

5. Appendix B: Registered participants

A range of registered participants play roles in each of AEMO’s gas markets and benefit from the services that AEMO provides.

Below is a summary of registered participants.

Table 8 Registered participants

Market	Registered participants
DWGM	<p>Market participant</p> <ul style="list-style-type: none"> • Retailer • Trader • Producer • Storage provider • Distribution customer • Transmission customer <p>Other participant roles</p> <ul style="list-style-type: none"> • Declared transmission system service provider (DTSSP) • Interconnected transmission pipeline services provider (ITPSP) • Distributor • Producer • Storage provider • Transmission customer
STTM	<p>STTM market participants</p> <ul style="list-style-type: none"> • STTM Shippers • STTM user
Retail	<p>NSW / ACT</p> <ul style="list-style-type: none"> • Network operator • Retailer • Self contracting user <p>QLD</p> <ul style="list-style-type: none"> • Distributor • Retailer • Self contracting user <p>SA</p> <ul style="list-style-type: none"> • Network operator • network operator (Mildura region) • Retailer • Self contracting user

	<ul style="list-style-type: none"> • Transmission system operator • Shipper <p>VIC</p> <ul style="list-style-type: none"> • Transmission system service provider • Distributor • Market participant - retailer • Market participant - other
GBB	<p>BB participant</p> <ul style="list-style-type: none"> • Production facility • Transmission pipeline • Storage facility
PCT	<p>Trading participants</p> <ul style="list-style-type: none"> • Part 24 Facility Operator • Part 25 Day ahead auction – Auction Participant