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Thursday, 4 February 2021

Kevin Ly
Group Manager Regulation
Australian Energy Market Operator
Level 2, 20 Bond St
Sydney NSW 2001

Dear Mr Ly

RE: Electricity Market Participant Fee Structure Draft Determination

ERM Power Retail Pty Ltd (ERM Power) welcomes the opportunity to respond to the Australian Energy Market Operator's (AEMO) draft determination on the Gas Markets Participant Fee Structure Review.

About ERM Power

ERM Power (ERM) is a subsidiary of Shell Energy Australia Pty Ltd (Shell Energy). ERM is one of Australia's leading commercial and industrial electricity retailers, providing large businesses with end to end energy management, from electricity retailing to integrated solutions that improve energy productivity. Market-leading customer satisfaction has fuelled ERM Power's growth, and today the Company is the second largest electricity provider to commercial businesses and industrials in Australia by load¹. ERM also operates 662 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland, supporting the industry's transition to renewables.

<http://www.ermpower.com.au>

<https://www.shell.com.au/business-customers/shell-energy-australia.html>

General comments

ERM Power thanks AEMO for a detailed and well-considered draft determination on the Gas Markets Participant Fee Structure. While we did not respond on the initial paper we have a few comments to add to the draft determination.

Firstly, we agree with the continued approach to recovering Gas Bulletin Board (GBB) fees from both producers and wholesale gas market participants. We agree with AEMO's explanation that no change is warranted because the current structure best reflects the extent to which those who participate more in wholesale markets derive more benefits from the GBB through increased transparency.

Additionally, we contend that AEMO should make revise the split between producers and retail market participants for the recovery of Gas Statement of Opportunities (GSOO) fees from a 50/50 to one more heavily weighted towards retailers. This is primarily because producers already bear costs to report to the GSOO, with civil penalties attached to these breaches. Given that producers therefore already shoulder costs to report, levying half of the GSOO fees on them effectively results in producers paying twice for the GSOO – firstly through compliance and reporting requirements, and again through fees.

¹ Based on ERM Power analysis of latest published information.



Instead, ERM Power advocates that a 75/25 split between retailers and producers would still provide some fee relief to customers (via their retailer) and maintain a more equitable fee structure than the proposed 50/50 split.

Finally, ERM Power understands AEMO's reasoning for proposing to introduce upfront registration fees into the DWGM and STTM gas wholesale markets. We have no strong view on AEMO's proposal to introduce registration fees for the STTM and DWGM as well as disaggregating these fees. However, we do believe that AEMO should clarify whether participants amending their registrations would incur fees. We do not consider that registration fees should be payable when an existing registered participant is amending a registration within the same corporate structure. We would expect that AEMO would not be required to perform the same level of work that it does now for entirely new registrations and as such, no fee (or a far lower fee) should be levied in these circumstances.

Please contact me if you would like to discuss this submission further.

Yours sincerely,

[signed]

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