



23/09/2020

Kevin Ly
Group Manager Regulation
Australian Energy Market Operator
PO Box A2449
Sydney South NSW 1235

Via email to kevin.ly@aemo.com.au

Dear Kevin,

Consultation Paper – Structure of Participant Fees in AEMO's Electricity Markets

Thank you for this opportunity to provide feedback to Australian Energy Market Operator's (**AEMO**) consultation paper on the development of the structure of participant fees to apply from 1 July 2021.

Mondo provides a variety of contracted transmission and distribution services, including grid connections for new generators, contestable metering, battery energy storage systems and aggregation of Distributed Energy Resources (**DER**). We believe that demand response and other contestable services will play an increasingly strong role in Australia's energy future, and will underpin the transition to a more renewable, distributed energy future.

We support AEMO's important role of operating and improving wholesale and retail markets that benefit all consumers with lower prices. Market customers, generators and consumers are the primary beneficiaries of an efficient wholesale market. The current fee structure for electricity assigns costs to these beneficiaries largely on the basis of \$/MWh, and the less significant costs for Energy Consumers Australia and Full Retail Contestability (**FRC**) are allocated to market customers on the basis of connection point volumes.

We appreciate that participant fees are required to fund AEMO's key initiatives outlined in the consultation paper, including:

- DER integration – essential for accurately forecasting dispatched electricity and reducing wholesale electricity costs;
- 5 Minute Settlements reforms – leading to more efficient wholesale market operations with better use of fast response generation; and
- Digital platform, system and cyber refresh upgrades – required to maintain market security and continuity.

Bright future.

These initiatives primarily provide benefits to the wholesale market, through improving efficiency or reducing costs in this market. As such, we support retaining the allocation of fee-paying responsibility on those parties that benefit most from these services, being market customers, generators and consumers. The current fee structure enables these parties to pass on those costs efficiently, without significant financial risk.

The consultation paper asks if greater portions of costs should be allocated to categories of service providers. Contestable services providers do not have the ability to allocate unforeseen costs associated with fee structure changes to customers on long term contracts. If fees were charged to service providers, we would need to choose between passing on costs to our customers or absorbing higher operating costs while competing for market share. This may have an adverse effect on the level of competition and innovation in service markets and discriminate against those service providers with fewer customers.

Therefore, Mondo recommends maintaining with current fee structure to maintain an efficient, beneficiary pays approach, and avoid adverse impacts to competition.

In addition, we note the Energy Consumer Data Rights program is new and funding arrangements for it should mirror the funding arrangements for FRC costs on a per connection point basis, because the costs associated these functions are materially lower other market operating functions and market customers are well placed to efficiently allocate these costs.

We once again welcome this consultation and thank you for the opportunity to provide input. If you have any further queries in relation to this matter, please do not hesitate to contact Justin Betlehem on 03 9695 6288.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Jodie Hallam', written in dark ink.

Jodie Hallam

General Manager, Energy Services