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Reform Development and Insights
Australian Energy Market Operator

Submitted by email: reformdevelopmentandinsights@aemo.com.au

Participant Fee Structure for the NEM2025 Reform Program Declared NEM Project Consultation Paper

Origin Energy welcomes the opportunity to provide comments on the Participant Fee Structure for the NEM2025 Reform Program Declared NEM Project Consultation Paper (Consultation Paper). We support the development of a separate fee to recover costs related to the NEM2025 reform program and have provided comments on aspects of the Consultation Paper below.

Transparency

Origin values the transparency that a separate fee will provide on the costs of the NEM2025 reform program. Where possible, core NEM fees should only be used to recover costs associated with the Australian Energy Market Operator's (AEMO) core functions, as this provides greater clarity around the drivers of AEMO cost changes, and likely better supports the overarching principle of allocating costs to participants in a way that is reflective of their involvement in the market.

Fee structure

Origin supports AEMO's approach to applying the fee structure principles.

In applying the simplicity principle, consumers should be considered as well as the participants who will be charged the fee. Consideration of retailer-customer interactions and billing should be front-of-mind in this context, with any fees to be easily understood by both market participants and end-use consumers that may be indirectly exposed to those fees in some cases.

The 'reflective of involvement' principle is key to apportioning costs among participant types. AEMO has conducted participant impact assessments of the NEM2025 reforms, with the Consultation Paper noting this provided an indication of the expected level of involvement from each Participant Category. However, we do not consider these impact assessments were undertaken with enough rigour to be solely relied upon for the purpose of developing the fee structure. We therefore consider additional analysis (e.g. supported by AEMO's normal survey process) will be required to ensure alignment with this principle and inform cost allocation.

New registered participant categories

AEMO has stated in the Consultation Paper that 'new categories can only be considered for fee recovery once they are legislated in the NER/NEL'. Given that the Integrated Resource Provider participant category will be available in June 2024, Origin considers it is prudent to contemplate the impact of this new category and any transitional arrangements that may be required.

Default Market Offer (DMO) and Victorian Default Offer (VDO)

AEMO's final budget and fees for an upcoming financial year are generally not available to be incorporated in determinations of the DMO and VDO due to timing differences between these processes.

To address this for the 2022/23 determination of the DMO and VDO, AEMO requested that an estimation of its fees be incorporated in the tariffs, which was ultimately accepted under both processes.

The stage gate process and uncertainty regarding future spend might present risks that actual fees diverge materially from fees assumed in the DMO and VDO determinations. AEMO should consider these risks and how best to address them, including whether AEMO will continue to provide fee estimations for the purposes of the determinations.

Please don't hesitate to contact Ben Hayward on 03 9067 3403 to discuss this submission or related issues.

Yours Sincerely,

A handwritten signature in black ink that reads "S Cole". The signature is written in a cursive, slightly slanted style.

Shaun Cole
Group Manager, Regulatory Policy