

# NEM Participant Fee Structure Consultation

Draft Determination Webinar

14 October 2025

2:00 pm – 3:30 pm

This event will be recorded for record  
keeping and note taking purposes only





**We acknowledge the Traditional Custodians of the land, seas and waters across Australia. We honour the wisdom of Aboriginal and Torres Strait Islander Elders past and present and embrace future generations.**

We acknowledge that, wherever we work, we do so on Aboriginal and Torres Strait Islander lands. We pay respect to the world's oldest continuing culture and First Nations peoples' deep and continuing connection to Country, and hope that our work can benefit both people and Country.

**'Journey of unity: AEMO's Reconciliation Path' by Lani Balzan**

AEMO Group is proud to have launched its first Reconciliation Action Plan in May 2024. 'Journey of unity: AEMO's Reconciliation Path' was created by Wiradjuri artist Lani Balzan to visually narrate our ongoing journey towards reconciliation – a collaborative endeavour that honours First Nations cultures, fosters mutual understanding, and paves the way for a brighter, more inclusive future.

Read our  
RAP



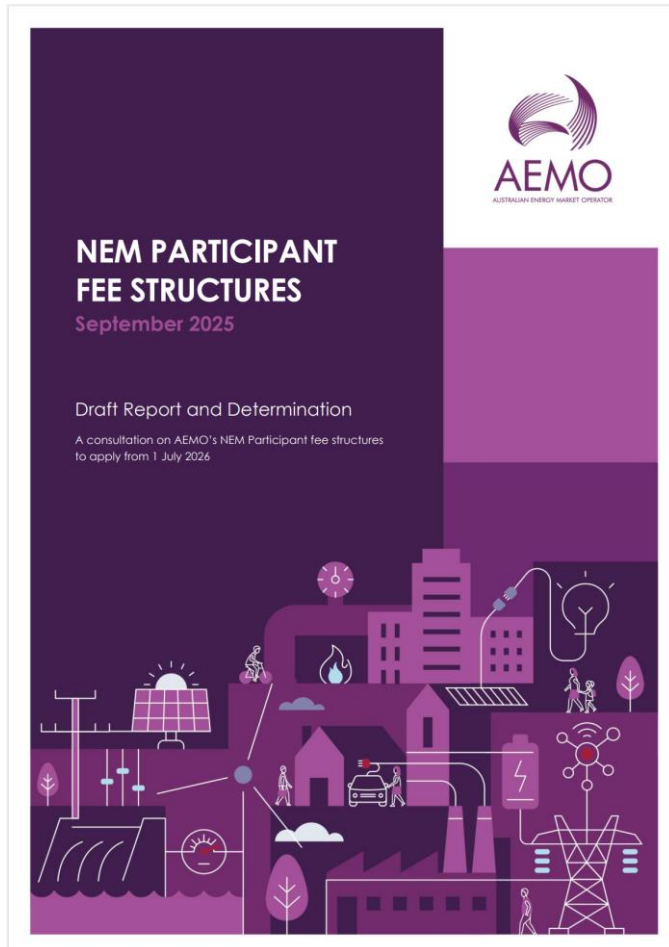
# Today's agenda

| Time (AEDT) | Item  | Speaker  |
|-------------|---|--|
| 2:00pm      | Agenda & welcome  | <b>Samantha Olsen</b> – Principal Stakeholder Engagement Advisor   |
| 2:05pm      | Background, rules requirements and guiding principles   | <b>Hannah Heath</b> , Group Manager Strategic Market Reform  |
| 2:15pm      | Stakeholder feedback (Consultation Paper)   | <b>Lance Brooks</b> , Manager Reform Strategy  |
| 2:25pm      | Establishing a new fee structure <ul style="list-style-type: none"> <li>• Types and number of fees</li> <li>• Allocation of fees</li> <li>• Basis for charging</li> </ul> | <b>Lance Brooks</b> , Manager Reform Strategy<br><b>Reena Kwong</b> , Specialist Reform Strategy<br><b>Michelle De Saram</b> , Principal Reform Strategy |
| 3:00 pm     | Next Steps and Q&A  | <i>Facilitated by Samantha Olsen</i>   |
| 3:30 pm     | Close   |  |

# How to interact today

- Please feel free to share questions or comments using the Teams chat function and we can respond to them during the Q&A
- You are also welcome to raise your hand in Teams if you would like ask any questions verbally throughout the session

# Draft determination published



- The Draft Determination Paper was published on 30 September 2025.
- This is the second stage of the consultation process to determine the NEM Participant Fee Structure to apply from 1 July 2026.
- This follows the publication of the Consultation Paper in April 2025 which received nine stakeholder submissions.
- **Submissions to the Draft Determination are due on Friday, 28 November 2025.**

# Background, rules requirements and guiding principles



Hannah Heath

Group Manager, Strategic Market Reform

# How do AEMO fees work?

AEMO is a not-for-profit company that primarily recovers its costs through fees and charges allocated to Registered Participants under the relevant fee structures.

**The NEM participant fee structure review and cost recovery process includes the following components:**



1. AEMO develops the NEM participant fee structure through a consultation process and in accordance with the National Electricity Rules (NER), which applies for a fixed period.



2. During the fee structure period, AEMO undertakes a budgeting and fees process each year to determine its NEM revenue requirements in accordance with the NER and in consultation with stakeholders.



3. NEM revenue requirements are then recovered from the market participants according to the relevant NEM fee structures.

The current fee structure for the NEM commenced on 1 July 2021 and will end on 30 June 2026

# Rules requirements

- Clause 2.11 of the NER requires AEMO to have regard to the National Electricity Objective (**NEO**) in determining participant fees and, to the extent practicable, the structure of Participant fees must be consistent certain principles, including:
  - The structure of Participant fees should be **simple**.
  - The structure of the Participant fees should **provide for the recovery of AEMO's budgeted revenue requirements** on the basis specified in clause 2.11.1(b)(2) of the Rules.
  - The components of Participant fees charged to each Registered Participant should be **reflective of the extent to which AEMO's budgeted revenue requirements involve** that Registered Participant.
  - Participant fees should not **unreasonably discriminate** against a category or categories of Registered Participants.

## National Electricity Objective

The **NEO** as stated in the **National Electricity Law (NEL)** is:

“To promote efficient investment in, and efficient operation and use of, electricity services for the long-term interests of consumers of electricity with respect to:

- a. price, quality, safety, reliability and security of supply of electricity; and
- b. the reliability, safety and security of the national electricity system; and
- c. the achievement of targets set by a participating jurisdiction—
  - i. for reducing Australia's greenhouse gas emissions; or
  - ii. that are likely to contribute to reducing Australia's greenhouse gas emissions.”

The Rules do not indicate that one or another of these Fee Structure Principles should have greater weight than the others. There will often be a degree of tension between some of these principles.

# AEMO's NEM related functions within scope

## Functions within scope

- Power system security
- Power system reliability
- Market operations
- Wholesale metering and settlements
- Retail operations
- Prudential supervision
- National Transmission Planner
- Market / reform development and insights
- Connections and registrations

Total fees payable in relation to AEMO's connection and registration functions are recovered in accordance with Chapters 5 and 2 of the Rules respectively dependent on the function being performed by AEMO

## Functions out of scope

- AEMO gas related functions
  - AEMO Wholesale Electricity Market (WEM) related functions
  - AEMO Victorian TNSP functions
  - AEMO Services Limited (ASL) functions
- In addition to those functions within scope, AEMO has specific legislative funding requirements prescribed in the NER, on behalf of:
    - Energy Consumers Australia (ECA), and
    - Participation Compensation Fund (PCF).

# Stakeholder feedback (Consultation Paper)

Lance Brooks

Manager, Reform Strategy



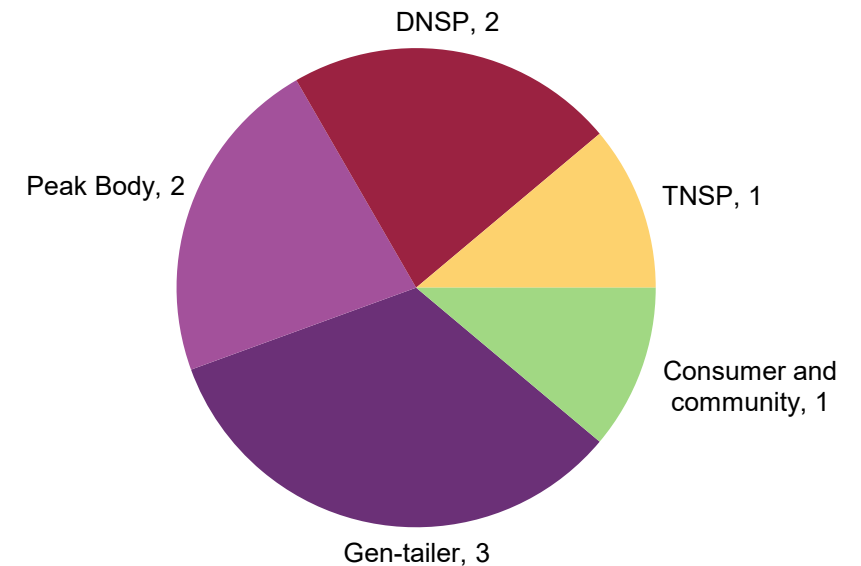
# Key submission themes

AEMO received 9 submissions on the Consultation Paper released in April 2025

## Stakeholders provided a range of feedback across the key matters under consultation

- **Fee structure period:** There was stakeholders support for retaining the 5-year period, some consideration of reduction to a 3-year period.
- **Types of fees:** Stakeholders provided commentary largely around discrete fee types that they support retaining (e.g. NEM Reform, Incremental Services, National Transmission Planner) with some commentary on improvements. No strong position against any particular fee type. General support for simplification where appropriate.
- **Registered Participants:** Divergent views on the inclusion of participant types not currently charged under the current fee structures (e.g., Metering Co-ordinators and DNSP's). Support for Integrated Resource Providers (IRPs) to be appropriately reflected in fee structure and the continuation of broad participant groupings.
- **Cost Allocation Survey:** Support from several stakeholders for comprehensive analysis of the survey-based approach to cost allocation, some concern regarding the use of a static survey to determine allocation of costs over a 5-year period.
- **Basis for charging fees:** One suggestion of leveraging RAB size as a basis for TNSP charge, no other comments received.

Consultation Paper submissions per stakeholder cohort



AEMO has additionally held an industry webinar on the Consultation Paper, meetings with peak bodies and energy regulators, briefings to AEMO's Financial Consultation Committee (FCC), and had direct engagement with Consumer and Community Reference Group (CCRG).



# Establishing a new NEM Participant Fee Structure

Lance Brooks

Manager, Reform Strategy

# Key features of the draft determination

- AEMO proposes a shift towards a simpler fee structure designed to be fit for purpose in a rapidly transitioning energy landscape.
- Key changes focus on reducing the total number of fees, updating which Participants are allocated each fee type and modifying the basis for charging to better reflect how Participants interact with the energy system.

## Fee Period

- AEMO proposes to set a five-year period for the new fee structure, applying from 1 July 2026 to 30 June 2031 consistent with previous arrangements since 2006, balancing certainty and predictability, while allowing for timely recalibration for market and policy changes

## Type and number of fees

- The proposed structure consolidates six primary fee categories into three simplified groups: NEM Core, NEM Reform, and Cyber Security & Resilience. This reduces the total number of individual fee types from 11 to 8

## Fee allocation

- AEMO proposes to continue to allocate fees to Wholesale Participants, Market Customers and TNSPs only
- IRPs proposed to be treated consistently either as a Wholesale Participant or Market Customer, where fees are charged depending on the NMI Classification Codes (Wholesale site or Retail site)

## Basis for charging

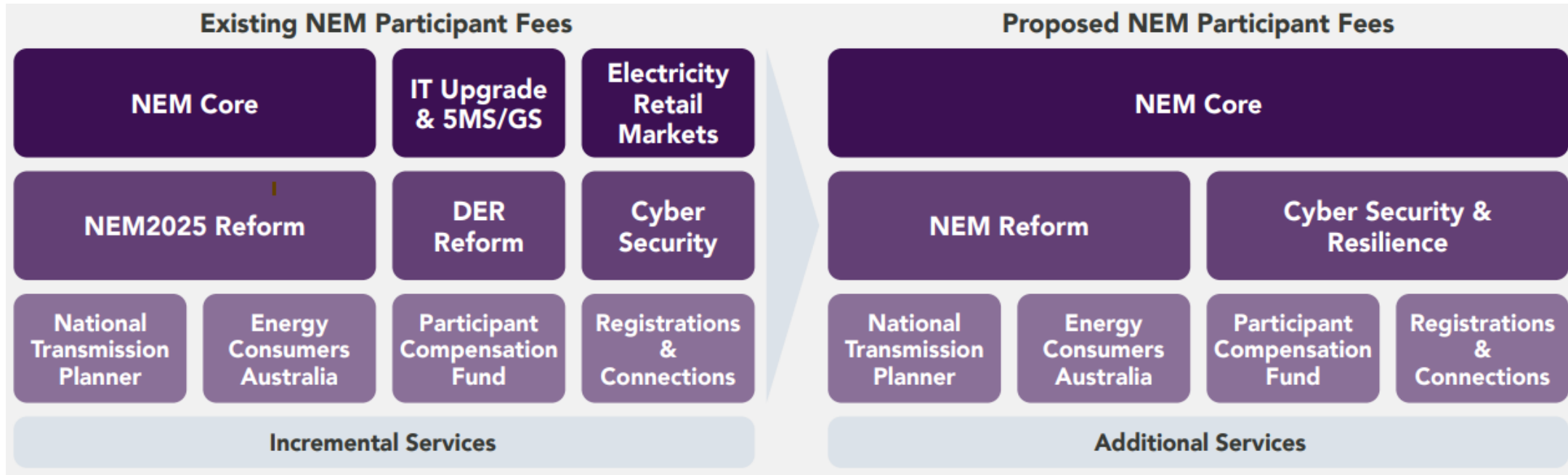
- AEMO proposes to move to a gross charging approach for Wholesale Participants and Market Customers
- AEMO proposes amendments to its fees for registration applications relating to Generating Systems or Integrated Resource Systems specifically moving forward.

# Types and number of fees

Reena Kwong

Specialist, Reform Strategy

# Proposed type & number of fees

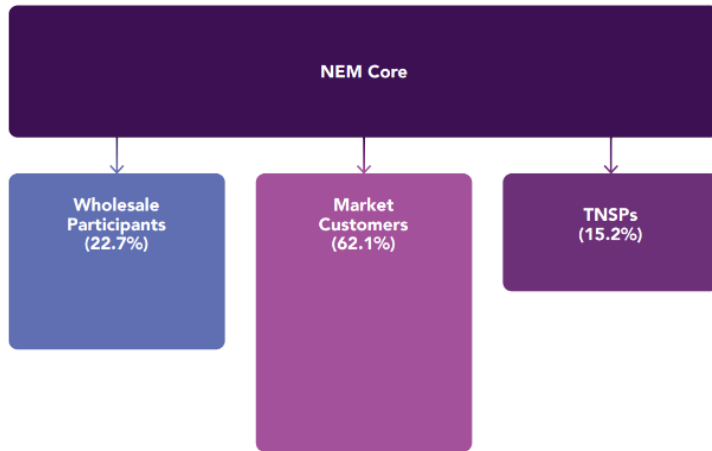


## Rationale

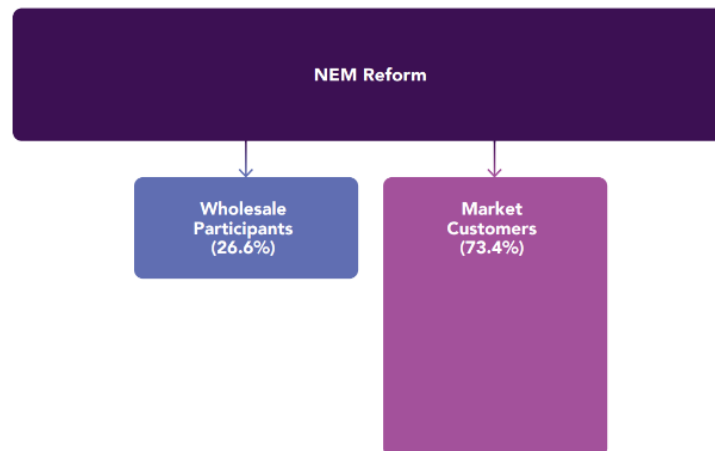
- **Simplifies** through consolidation while still being able to provide transparency about costs of the different functions through AEMO’s annual budget and fees
- Is **reflective of involvement** by ensuring costs for the individual functions are recovered only from those Participants that are involved in the relevant function
- **Does not unreasonably discriminate** against any particular Registered Participant category. Fee still able to be recovered by the relevant Participants.
- Still ensures AEMO’s **budgeted revenue requirements** are recovered

# Consolidation of primary fees

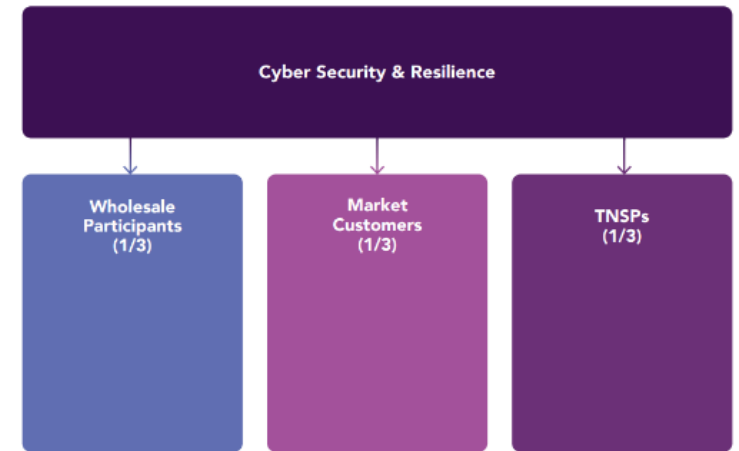
To apply from 1 July 2026



- Recovers costs associated with AEMO’s core NEM functions, including power system security and reliability, market operations, longer-term energy forecasting and planning, and metering and settlements.
- The fee consolidates costs previously associated with the IT Upgrade & 5MS/GS and Electricity Retail Markets fees.



- Recovers costs associated with implementation activities and outputs of the NEM Reform Program
- The fee consolidates costs previously associated with the NEM2025 Reform Program and DER Integration Program fees.

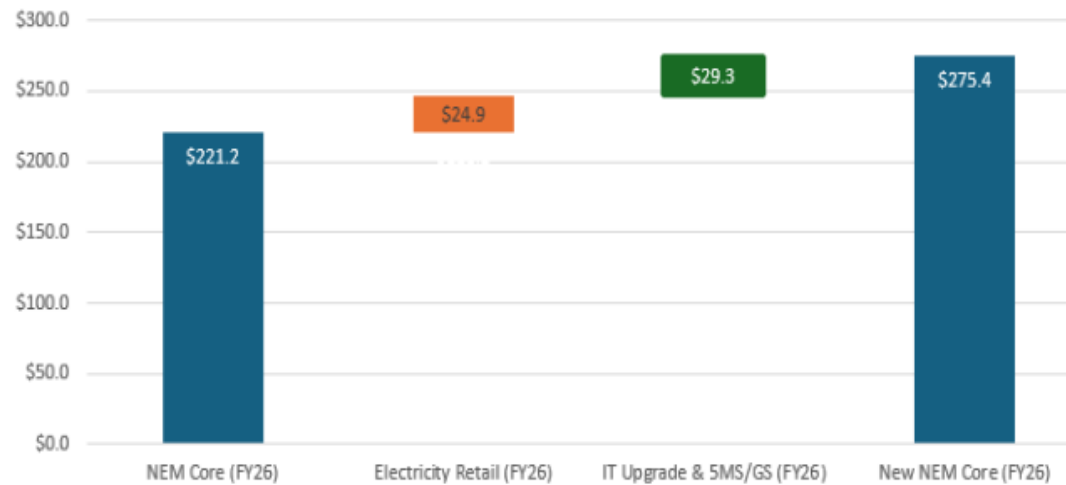


- Recovers costs associated with fulfilling AEMO’s cyber security roles and responsibilities under the NER Chapter 4, potential future cyber security related reforms, as well as activities and outputs that support continued improvements to physical and digital capabilities.

# Financial impact of fee consolidation

## NEM Core & NEM Reform fees

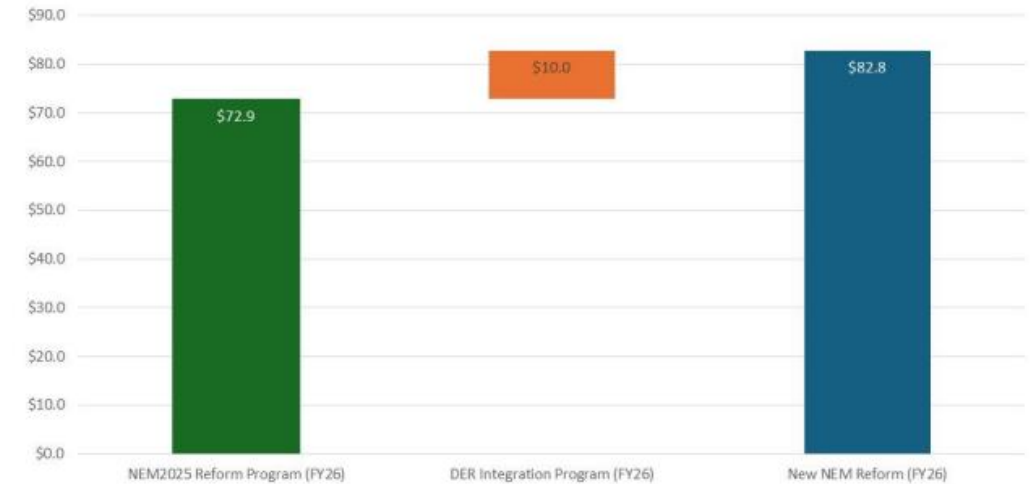
NEM Core fee - Existing vs NEW (FY2026, \$m)



### NEM Core

- Increase in new NEM Core revenue requirement to \$275.4m due to the inclusion of Electricity Retail Markets and IT Upgrade & 5MS revenue requirements.
- AEMO is aware that seeing such a “step change” in isolation could be interpreted by some stakeholders as an increase in AEMO’s existing NEM Core fees; however, it only reflects a re-bundling of existing costs, and not an increase in underlying NEM Core costs.

NEM Reform - Existing vs NEW (FY2026, \$m)



### NEM Reform

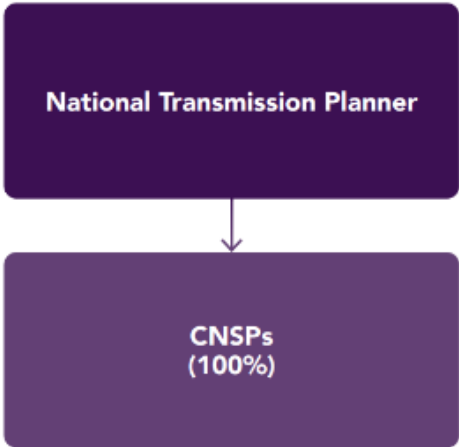
- Consolidating the budgeted revenue requirements of AEMO’s existing NEM2025 Reform Program and DER Reform Program fees into single new fee NEM Reform fee.

As set out in AEMO’s FY2026 Budget and Fees report, underlying guidance on the NEM Core Benchmark fee (i.e. excluding Electricity Retail and IT Upgrade and 5MS/GS) remains between 6-8% per annum over the coming years. Should these existing fees be consolidated into a single NEM Core fee, AEMO anticipates, based on current forecast, the combined fee to remain within the 6-8%, on a like-for-like basis.

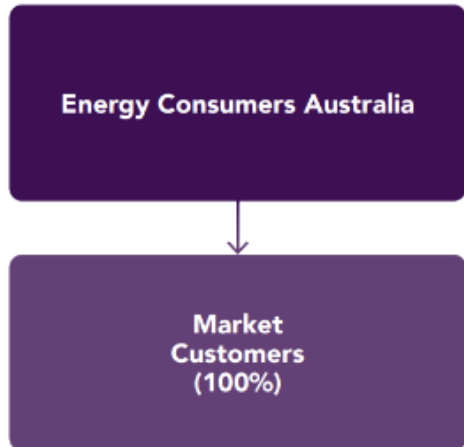
# Retention of existing fees

To apply from 1 July 2026

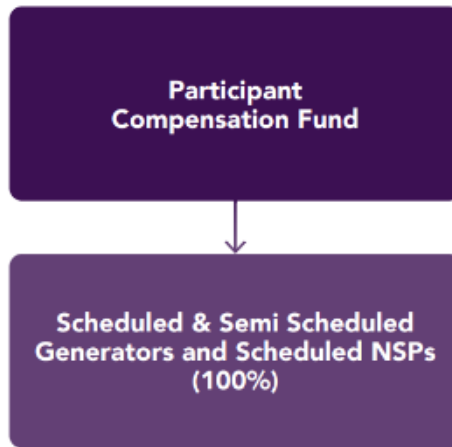
Formerly 'Incremental Services' Fee



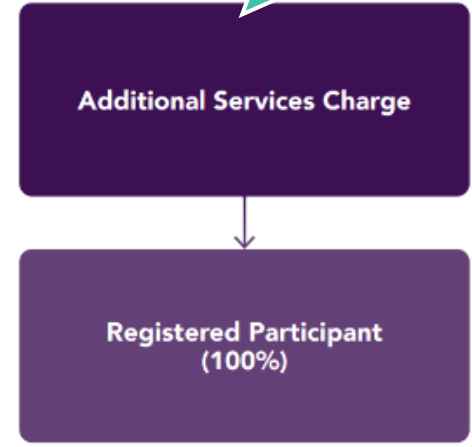
- Recovery of costs associated with AEMO’s NTP functions as defined in the NEL including forecasting, modelling and planning required to support the energy transition.



- Recovery of funding amounts required in accordance with NER 8.10 and AEMO’s consumer advocacy funding obligation to the ECA.



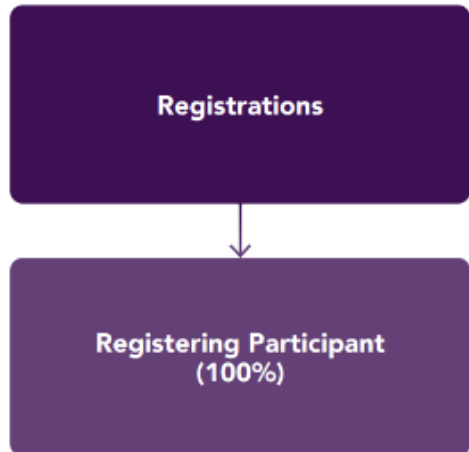
- Recovery of funding required to pay compensation for scheduling errors to scheduled and semi-scheduled generators, scheduled IRPs and scheduled NSPs as determined by the Dispute Resolution Panel in accordance with NER 3.16.



- Recovery of costs associated with AEMO undertaking a specific task for a Participant in respect of which it incurs identifiable and material costs, including recovery of costs associated with post-Registration services or changes requested by Participants.
- Previously Incremental Services Fee

# Amendments to Registration fees

To apply from 1 July 2026



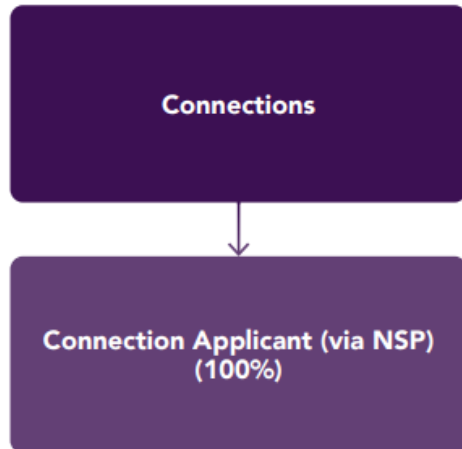
- Proposed **continuation of fixed Registration fee for each Registration application type**. The fixed fee and commensurate effort (hours) for each Registration application type to be set out in AEMO’s Budget and Fees report.
- **For registration applications relating to Generating Systems or Integrated Resource Systems** – the fixed Registration fee, **plus a time and materials charge** (hourly charge out rates as published in the Budget and Fees report) for AEMO effort (hours) more than the commensurate effort (hours) for that Registration fee set out in the Budget and Fees report.
- The Registration fee structure will **expressly refer to Registered Participants under Chapter 2** of the Rules being charged for registration and classification applications and other requests as set out in AEMO’s Budget and Fees report.
- AEMO’s **Budget and Fees report would then be updated annually to reflect fees in respect of all current Registered Participant fee categories at the time of publication.**

## Rationale for change

- Maintains **simplicity and certainty** for stakeholders through the fixed Registration fee charge which is an established approach set out in the Budget and Fees report. The proposed addition of the commensurate level of effort (hours) accounted for in each Registration fee provides **greater transparency**.
- The two-part charging basis for resource-intensive applications (i.e. Generating Systems /Integrated Resource Systems) more accurately **reflects the involvement** required in the Registration process for such applications. This avoids any potential cross subsidisation i.e. **does not unreasonably discriminate** against any other Registered Participant.
- Provides for certainty in recovery of **AEMO’s budgeted revenue requirements**.

# No changes to Connection fees

To apply from 1 July 2026



- To provide stakeholders with an understanding of the total fees payable in relation to AEMO’s connection and registration functions under Chapters 5 and 2 of the Rules.
- AEMO propose to retain the existing structure for Connections fees with the **relevant NSP charged on a time and materials basis based on AEMO’s published hourly charge out rates in our Generator Connection Application Fees document** published for each financial year.

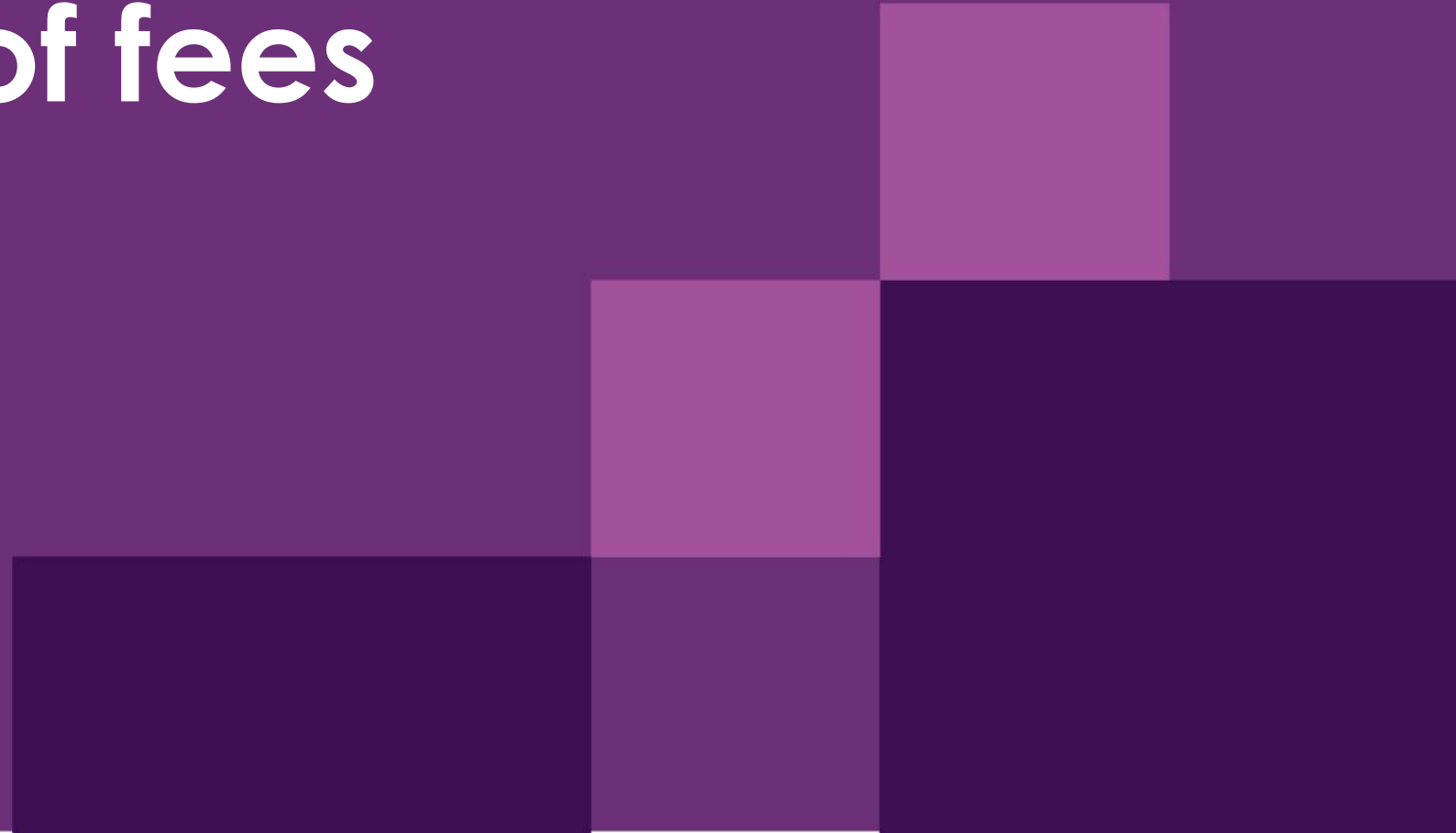
## *Rationale*

- The current approach of recovering connection related fees aligns with the **Fee Structure Principles, namely reflective of involvement, simplicity and non-discriminatory** where costs are recovered from the Connection applicant.

# Allocation of fees

Lance Brooks

Manager, Reform Strategy



# Who pays NEM fees?

Consistent with the principle that Participant fees should be reflective of participants' involvement, AEMO propose to continue to allocate NEM Participant fees to:



**Wholesale Participants** – referring to Generators, Market Network Service Providers and Integrated Resource Providers (classified as a 'Wholesale site')



**Market Customers** – referring to electricity retailers, industrial users registered to trade directly in the wholesale electricity market and Integrated Resource Providers (classified as a 'Retail site')



**Transmission Network Service Providers (TNSPs)** – and, where a NEM region has more than one TNSP, the Co-ordinating Network Service Provider (CNSP).

AEMO's draft proposal **accommodates Integrated Resource Providers (IRPs)** under the new fee structure, where IRPs will be treated in a consistent manner to Wholesale Participants or Market Customers when charging fees depending on their National Metering Identifier (NMI) Classification Codes (reflecting wholesale or retail activities)

This assessment was informed by the results of the cost allocation survey, which showed a continued material involvement with AEMO's activities and outputs, from these Participant categories (see next slide)

# Allocation of NEM Core fees

## NEM Core only

To mitigate potential issues of recency bias, SLT members will be required to complete the survey again prior to AEMO's final determination

To inform its allocation of NEM Core fees to Registered Participant categories or groups, AEMO has undertaken the following activities:

- **Surveyed members of its Senior Leadership Team (SLT) across its key divisions:** Operations, System Design, Policy and Corporate Affairs and Digital.

NEM Core activities and outputs outlined in the survey are based on AEMO's Business Capability Model

- **Maintained its allocation of Participant involvement and recovery of related costs associated with the current Electricity Retail Market function and IT Upgrade & 5MS/GS program** by factoring in their weighted budgeted revenue requirements into any final allocation across Registered Participants accordingly

The survey is a structured, multi-step process as summarised below.

| Step   | Overview   |
|--|--|
| <b>1. Identification of broad activities and outputs</b>           | <ul style="list-style-type: none"> <li>• Core NEM activities and outputs are defined and categorised using AEMO's internal Business Capability Model (BCM), down to level 2 and 3 activities.</li> <li>• SLT members confirmed which AEMO NEM related functions were applicable to their respective business activities.</li> </ul>  |
| <b>2. Divisional / Group cost allocation</b>                       | <ul style="list-style-type: none"> <li>• Each SLT member allocates their division or group's budgeted effort across the broad Level 2 activity / output categories.</li> </ul>   |
| <b>3. Allocation to Registered Participant categories / groups</b> | <ul style="list-style-type: none"> <li>• For each level 2 activity or output, SLT members assign percentages to Registered Participant categories or groups based on whether the Registered Participant uses, benefits from, or drives the cost of that activity or output.</li> </ul>   |
| <b>4. Digital activity cost allocation</b>                         | <ul style="list-style-type: none"> <li>• The impact of direct Digital costs has been captured based on how each Digital department (within the Digital Division) supports the Operations, System Design, Policy &amp; Corporate Affairs divisions.</li> <li>• These assumptions form the basis of assigning percentages to Registered Participant categories or groups for each Digital department.</li> </ul> |
| <b>5. Weighting survey responses by Divisional budget</b>          | <ul style="list-style-type: none"> <li>• The final step is to consolidate all survey responses and weight each response by each Division's FY26 NEM Core budget allocation to determine allocation across Participants.</li> </ul>   |

# First survey results

## NEM Core only

| Survey                        | Wholesale Participants | Market Customers | TNSPs        | DNSPs     | Metering Coordinators |
|-------------------------------|------------------------|------------------|--------------|-----------|-----------------------|
| 2025 allocation – Raw         | 37.0%                  | 27.9%            | 27.1%        | 8.0%      | 0%                    |
| <b>2025 allocation – Adj.</b> | <b>37.0%</b>           | <b>35.9%</b>     | <b>27.1%</b> | <b>0%</b> | <b>0%</b>             |
| 2021 allocation – Raw         | 55.9%                  | 23.6%            | 17.5%        | 3.0%      | 0%                    |
| <b>2021 allocation – Adj.</b> | <b>55.9%</b>           | <b>26.6%</b>     | <b>17.5%</b> | <b>0%</b> | <b>0%</b>             |

Prior to incorporating existing IT Upgrade & 5MS/GS and Electricity Retail Market fee allocation (see next slide)

- The first survey showed a **continued material involvement** with AEMO’s activities and outputs across **Wholesale Participant, Market Customer and TNSP** categories
- Conversely the draft survey showed:
  - A modest increase in the involvement with AEMO’s core NEM activities of DNSPs up to 8% in 2025 from 3% in 2021
  - 0% allocation to MCs relating to core NEM activities reflecting that the majority of the AEMO’s activities that relate to MCs are captured separately through Registration and Connection charges
- AEMO proposes **not to allocate fees to Distribution Network Service Providers (DNSPs) and Metering Coordinators (MC)**
- Similarly, AEMO propose **not to allocate fees to Demand Response Service Providers (DRSP)** over the upcoming fee period given these differences in operation and function relative to the wider Wholesale Participant and Market Customer cohort, and low volume of participants

# Proposed fee allocation to Participant categories

| Fee type                                   | Wholesale Participants  | Market Customers | TNSP / CNSP |
|--|---|------------------|-------------|
| NEM Core <sup>1</sup>                      | 22.7%   | 62.1%            | 15.2%       |
| NEM Reform                                 | 26.6%   | 73.4%            | 0%          |
| Cyber Security & Resilience                | 1/3   | 1/3              | 1/3         |
| National Transmission Planner <sup>2</sup> | 0%  | 0%               | 100%        |
| Registrations & Connections                | Direct charge to Registration or Connection applicant                                   |                  |             |
| Participant Compensation Fund              | Charge to Scheduled & Semi Scheduled Generators and Scheduled Network Service Providers |                  |             |
| Energy Consumers Australia                 | 0%  | 100%             | 0%          |
| Additional Services Charge                 | Direct charged to Registered Participant  |                  |             |

**Notes:**

<sup>1</sup> Includes allocation of direct and indirect costs. Indirect costs recovered 100% from Market Customers.

<sup>2</sup> National Transmission Planner fees recovered from Coordinating Network Services Provider (CNSP) only

- **NEM Core** – Reflective of involvement assessed based on draft survey results, NEM Core FY26 budget by Division / Group (direct vs indirect costs) and continuing existing allocation of Electricity Retail Markets (100% to Market Customers) and IT Upgrade 5MS/GS (82% to Market Customers, 18% to Wholesale Participants) fees
- **NEM Reform** – Reflective of involvement assessed factoring existing NEM2025 Reform Program and DER Reform Program allocation and current reform pipeline including significant work program under the CER Roadmap
- **Cyber Security & Resilience** – Reflective of involvement assessed as part of recent declared NEM project consultation completed in June 2025
- **No changes proposed to remaining fee types** owing to specific legislative requirements under the NER and or completion of specific tasks on behalf of individual participant

# Basis (metric) for charging

Michelle De Saram

Principal, Reform Strategy

# Proposed charging approach

## Market Customers

### Proposed approach

- 50% charged as a **rate per MWh energy based on the sum of absolute Adjusted Consumed Energy (ACE) and Adjusted Sent Out Energy (ASOE)** metered MWh by all Market Customers in the previous calendar year.

Rate applied to actual absolute ACE and ASOE metering data in the billing period.

- 50% charged on a per connection point basis per week.

Proposed approach be applied across all NEM Participants Fees where costs are allocated to Market Customers (retail sites)

### Key changes

- Energy based charged now based on historical gross energy volume (MWh), as opposed to net energy

### Rationale for change – Energy based charge

- A key driver is to reflect the **changing nature of electricity grid use** and a move towards a more dynamic, two-way system.
- The approach is **relatively simple**; no additional changes are required to AEMO or participant systems.
- A gross charging model **reduces the risk of potential discrimination** in the current approach which may be seen to favour Participants who can net their offtake and injection.
- A Participant's gross energy transaction volume is a **better proxy for their involvement** with and use of AEMO's market operation services than their sent out or net energy position. Every transaction, whether buying or selling, requires AEMO to perform its functions.
- By broadening the fee base to include all gross energy flows, AEMO's **revenue recovery becomes more stable and predictable**

# Proposed charging approach

## Wholesale Participants

### Proposed approach

- 50% charged as a daily rate based on **notified maximum capacity** in the previous financial year\*; and
  - \* Measured as of June immediately prior to the new financial year
- 50% charged as a **daily rate based on the sum of absolute ACE and ASOE** metered MWh energy in the previous calendar year^

Proposed approach be applied across all NEM Participants Fees where costs are allocated to Wholesale Participants (wholesale sites)

### Key changes:

- Capacity based charged now based on notified maximum capacity of previous financial year as opposed to the higher of Registered and Notified maximum capacity of the previous calendar year
- Energy based charged now based on historical gross energy volume (MWh), as opposed to sent out energy only

### Rationale for change – Capacity based charge

- Registered capacity may at times be irrelevant from an operations standpoint where there may be significant differences between a facility’s registered capacity and its notified maximum capacity bid into the market.
- Notified maximum capacity, provides for the **most up to date view of Wholesale Participant capacities** heading into the new financial year.
- Minimises instances where a Wholesale Participant may not incur fees for lack of data

### Rationale for change – Energy based charge

- As per previous slide re Market Customers

#### ^ Clarification to Draft Determination

AEMO notes its draft determination includes reference to “*metered MWh energy in previous calendar year by all Wholesale Participants*” implying a single daily rate applicable to all Wholesale Participants. Instead, AEMO intends for daily rates to be determined for each Wholesale Participant factoring in their share of Total Capacity and Total Energy respectively, consistent with existing calculations.

Should this approach be determined AEMO’s final proposal it will clarify this approach within its Final Determination.

# Indicative stakeholder impacts (1/3)

## Overall impact / Fee drivers

### Wholesale Participants

- Mixed impacts in overall fees paid across large **generators** with diverse portfolios and standalone smaller generators
- Positive impact on **battery energy storage systems**, These sites will benefit from being treated as 'Wholesale sites' under the proposed fee structure, incurring only the Wholesale Participant daily rate applied to both generation and consumption
  - Compares to the current approach where they are charged as both a Wholesale Participant (daily rate on generation) and as a Market Customer (\$/MWh rate on consumption).

### Market Customers

- For **C&I customers**, the volumetric charge (\$/MWh) is the more substantive contributor to total AEMO fees paid.

Under the proposed gross charging approach, this volumetric charge reduces due to a larger denominator consisting of both consumed and sent out energy for all Market Customers leading to lower overall AEMO fees paid.

- For **Retailers**, AEMO's fixed charge (\$/connection point) is the primary driver of their total NEM Core fees paid.

Changes in AEMO's volumetric charge appeared to result in modest overall increase in NEM Core fees paid

See next slide for numerical examples



# Indicative stakeholder impacts (2/3)

## Market Customers

Stylised example, for discussion purposes only. Not reflective of any one individual Participant nor actual fee rates

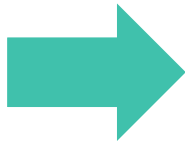
**AEMO RATES**

### CURRENT APPROACH

Connection point: \$20 per NMI

Energy fee: \$0.53 per MWh

Revenue Requirement: \$100m  
Net Energy: c.190,000 GWh



### PROPOSED APPROACH

Connection point: \$20 per NMI

Energy fee: \$0.43 per MWh

Revenue Requirement: \$100m  
Gross Energy: c.231,000 GWh

No change

Energy fee reduces owing to larger denominator reflecting both sent out & consumed energy

### RETAILER X

Connection Points: 1,000,000  
Consumed: -14,000 GWh  
Sent out: 3,000 GWh  
NET: 11,000 GWh  
GROSS: 17,000 GWh

#### Total fees paid

Connection point: \$20.0m  
Energy: \$5.8m  
**TOTAL: \$25.8m**



#### Total fees paid

Connection point: \$20m  
Energy: \$7.3m  
**TOTAL: \$27.3m**

In this example connection point fees represent 73% of total fees paid. A lower energy rate is offset by its application to gross energy amounts resulting in an increase of approx. 6% total fees paid

### C&I CUSTOMER Y

Connection Points: 50  
Consumed: -9,000 GWh  
Sent out: 500 GWh  
NET: 8,500 GWh  
GROSS: 9,500 GWh

#### Total fees paid

Connection point: \$0.001m  
Energy: \$4.5m  
**TOTAL: \$4.5m**



#### Total fees paid

Connection point: \$0.001m  
Energy: \$4.1m  
**TOTAL: \$4.1m**

In this example energy fees represent 99% of total fees paid. A lower energy rate results in a reduction of approx. 9% total fees paid despite its application to gross energy amounts



# Indicative stakeholder impacts (3/3)

## Wholesale Participants

Stylised example, for discussion purposes only. Not reflective of any one individual Participant nor actual fee rates

|               | Registered Cap (MW) | Notified Max Cap (MW) | Scheduled Gen (MWh) | Sent Out (MWh) | Consumption (MWh) | Gross Energy (MWh) |
|---------------|---------------------|-----------------------|---------------------|----------------|-------------------|--------------------|
| PARTICIPANT A | 450                 | 330                   | 340,000             | 345,000        | -1,000            | 346,000            |
| PARTICIPANT B | 2,400               | 2,400                 | 7,500,000           | 8,100,000      | -110,000          | 8,210,000          |
| TOTAL MARKET  | 75,000              | 74,000                | 200,000,000         | 205,000,000    | -6,000,000        | 211,000,000        |

### CURRENT APPROACH

### PROPOSED APPROACH

**PARTICIPANT A**

|                             |                |
|-----------------------------|----------------|
| Capacity Share:             | 0.60%          |
| Energy Share:               | 0.17%          |
| <b>Daily fee (approx.):</b> | <b>\$1,250</b> |



|                             |              |
|-----------------------------|--------------|
| Capacity Share:             | 0.45%        |
| Energy Share:               | 0.16%        |
| <b>Daily fee (approx.):</b> | <b>\$990</b> |

In this example, participant A would see a reduction in daily rate owing primarily to a reduced share of capacity reflecting their notified max capacity amounts

**PARTICIPANT B**

|                             |                 |
|-----------------------------|-----------------|
| Capacity Share:             | 3.20%           |
| Energy Share:               | 3.75%           |
| <b>Daily fee (approx.):</b> | <b>\$11,300</b> |



|                             |                 |
|-----------------------------|-----------------|
| Capacity Share:             | 3.24%           |
| Energy Share:               | 3.89%           |
| <b>Daily fee (approx.):</b> | <b>\$11,600</b> |

In this example, Participant B see an increase in daily rate primarily reflecting an increase in their energy share when factoring in actual metered generation, as well as consumption.

- Capacity share based on higher of registered or notified capacity
- Energy share based on scheduled generation only.

- Capacity share based notified capacity
- Energy share based on gross energy amounts

Note: AEMO revenue requirement used to calculate daily rates remains the same under both approaches

# Proposed charging approach TNSPs/CNSPs

AusNet Services is the declared transmission system operator (DTSO) in Victoria

## Proposed approach

- AEMO proposes to maintain its current approach based on **energy consumed for the latest financial year**
- This approach remains consistent with the NEO and Fee Structure Principles, namely *simplicity* and *reflective of involvement*, as consumption data is readily available and most accurately reflects the usage of the system and AEMO’s services required to maintain the system (in accordance with our statutory functions) within each region.

## NEM Core adjustments for AusNet Services

- Similar to the 2021 Determination, AEMO has considered adjustments that may be required to the cost allocation survey results on the allocation to individual TNSPs, to account for the unique planning arrangements in Victoria
- As some activities related to power system planning and reliability do not ‘involve’ AusNet Services, it will only be charged for the functions related to the NEM Real Time Operations results

| Region                | NEM Core (ALLOCATED COSTS ONLY) % |
|-----------------------|-----------------------------------|
| NSW (Transgrid)       | 12.5%                             |
| QLD (Powerlink)       | 10.2%                             |
| SA (ElectraNet)       | 2.2%                              |
| TAS (TasNetworks)     | 2.0%                              |
| VIC (AusNet)          | 0.2%                              |
| <b>Total to TNSPs</b> | <b>27.1%</b>                      |

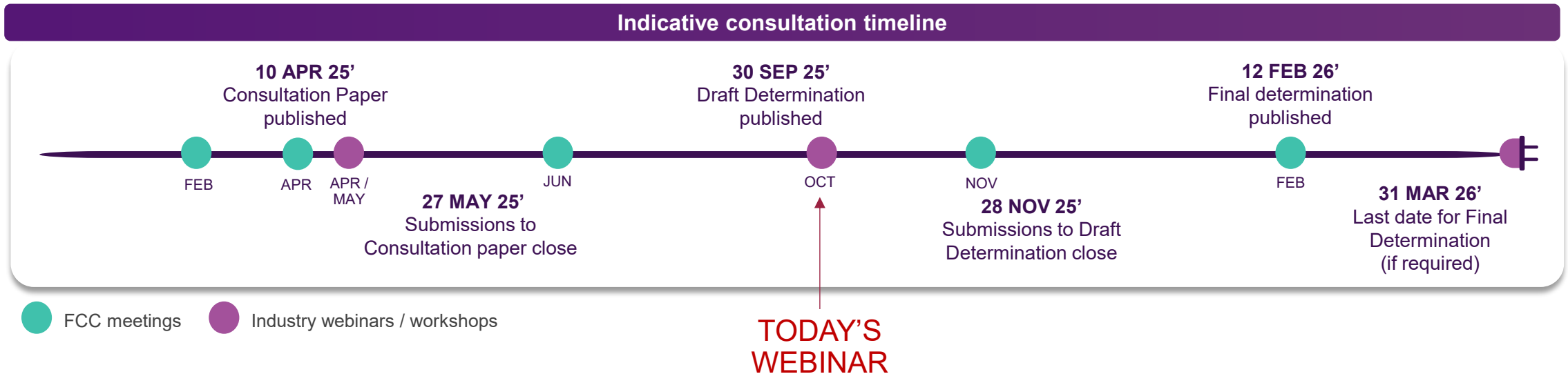


# Next Steps

Samantha Olsen

Principal, Stakeholder Engagement Advisor

# Consultation and next steps



## For more information

- Join the [AEMO Communications mailing list](#) to keep up to date with the publication of the Final Determination
- The NEM Participant Fees Structure Review Draft Determination Paper, Stakeholder Engagement Plan, and fact-sheets can all be found at [National Electricity Market \(NEM\) Participant Fee Structure Review](#)
- Questions? Please contact the AEMO Reform Strategy team: [reformdevelopmentandinsights@aemo.com.au](mailto:reformdevelopmentandinsights@aemo.com.au)



# Questions & Comments

Samantha Olsen

Principal, Stakeholder Engagement Advisor

# Questions for discussion

- How will AEMO maintain transparency of its costs in relation to those functions / fees that are to be consolidated?
- Can we see the medium to long term forecast of the future fees 3-5 years?



For more information visit

[aemo.com.au](http://aemo.com.au)