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Thursday, 18 August 2022

Ms Anna Collyer
Chair
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
SYDNEY NSW 2000

Submitted online: www.aemc.gov.au

Dear Anna,

Recovering the costs of AEMO participant fees directions paper

Transgrid welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) directions paper on a rule change request from Energy Networks Australia (ENA) on the recovery of Australian Energy Market Operator (AEMO) participant fees imposed on transmission network service providers (TNSP).

We understand the AEMC has published the directions paper in response to feedback from some stakeholders, including the Australian Energy Regulator, that these costs should be subject to incentive regulation rather than being directly passed through to consumers as proposed by the ENA in its rule change request.

Transgrid supports the recovery of AEMO's participant fees imposed on TNSPs by a means of direct pass through to consumers as proposed by the ENA. Our view is that it is not appropriate for these costs to be subject to incentive regulation as TNSPs have very limited ability to influence them. Further the unpredictable nature of these costs creates a risk for TNSPs and consumers of windfall gains and losses if they are subject to incentive regulation – we note that AEMO's fees are subject to annual fee setting arrangements as well as five yearly allocations on the basis of an AEMO internal survey.

Transgrid has also contributed to ENA's submission to the AEMC's directions paper and supports the views set out in that submission. If you require any further information or clarification, please feel free to contact either me or Neil Howes, Senior Manager Policy Reform, at neil.howes@transgrid.com.au.

Yours faithfully



David Feeney
General Manager Policy and Energy Market Reform