



15 December 2016

Mr Jack Fitcher
Chief Financial Officer
Australian Energy Market Operator Limited
GPO Box 2008
MELBOURNE VIC 3001

By email to: jack.fitcher@aemo.com.au

Dear Mr Fitcher

RE: Consultation Paper – Structure of Participant fees in AEMO’s electricity full retail competition market

ERM Power Limited (ERM Power) welcomes the opportunity to respond to the Australian Energy Market Operator’s (AEMO) Consultation Paper on the structure of Participant fees in AEMO’s electricity full retail contestability market.

About ERM Power Limited

ERM Power is an Australian energy company operating electricity sales, generation and energy solutions businesses. The Company has grown to become the second largest electricity provider to commercial businesses and industrials in Australia by load¹, with operations in every state and the Australian Capital Territory. A growing range of energy solutions products and services are being delivered, including lighting and energy efficiency software and data analytics, to the Company’s existing and new customer base. ERM Power also sells electricity in several markets in the United States. The Company operates 497 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland. www.ermpower.com.au

General comments

ERM Power strongly supports AEMO’s original decision made in March 2016 to levy Participant fees on a per connection point basis. As outlined in our previous submissions on this issue, we believe that a connection point rate is a more accurate reflection of the basis for costs incurred by AEMO, compared to the current volume-consumed basis. There is no evidence that this has changed since AEMO made its final decision. As such, ERM Power encourages AEMO to proceed with the original decision to levy Participant fees on a per connection point basis.

ERM Power considers that in terms of levying these costs across the market, AEMO’s proposed Option 1, which would see fees continue to be levied on market customers (primarily retailers) to be the most appropriate option. Options 2 and 3 would result in additional system costs for no net benefit to the

¹ Based on ERM Power analysis of latest published financial information.



market as a whole, seeing as costs would almost certainly be passed on by either metering coordinators or Distributed Network Service Providers. Continuing the existing approach of levying charges on retailers rather than different bodies along the supply chain would meet AEMO's principle of simplicity.

Finally, ERM Power would welcome an earlier start date than 1 July 2019 for the proposed changes. ERM Power sees no major barriers to moving forward the start date to 1 July 2017.

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

Yours sincerely,

[signed]

Ben Pryor
Regulatory Affairs Policy Adviser
03 9214 9316 - bpryor@ermpower.com.au