



STRUCTURE OF PARTICIPANT FEES IN AEMO'S ELECTRICITY FULL RETAIL COMPETITION MARKET

DRAFT REPORT AND DETERMINATION

Published: **23 February 2017**





1. NOTICE OF SECOND STAGE OF CONSULTATION

1.1 Consultation timetable

This is the second stage of consultation on the structure of Participant fees in AEMO's Electricity Full Retail Competition (FRC) market, under clause 2.11.1 of the National Electricity Rules (NER), conducted in accordance with the consultation requirements under clause 8.9 of the NER.

AEMO received thirteen submissions in the first stage of consultation. These submissions are published on AEMO's website.

Link: <http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Structure-Of-Participant-Fees-In-AEMOs-Electricity-Full-Retail-Competition-Market>

The table below lists the steps in the consultation process, together with the proposed dates for completion of remaining steps. Please note that the proposed dates are subject to change by AEMO.

Milestone	Date
Consultation paper published (<i>completed</i>)	3 November 2016
First stage consultation submissions closing date <i>- thirteen submissions received</i>	16 December 2016
Draft Report published	23 February 2017
Second stage consultation submissions closing date	10 March 2017
Final Report published	By 27 April 2017
Commencement of new electricity fee structure	To be determined from this consultation

As provided for under the NER, the consultation dates have been amended as a result of a participant meeting that followed receipt of the First Stage consultation submissions. This meeting clarified the participant's position and considered their submissions prior to this report being drafted and published.

1.2 Second Stage submissions closing date

AEMO has reflected on the issues raised in the first stage submissions and has now produced a draft position and report.

We invite you to provide submissions in response to the second stage of consultation by 5.00pm AEDT 10 March 2017 to jack.fitcher@aemo.com.au.

Alternatively, you may post submissions to: Mr Jack Fitcher, Chief Financial Officer, Australian Energy Market Operator Ltd GPO Box 2008 MELBOURNE VIC 3001.

AEMO has discretion to consider late submissions. Any late submission should explain:

- The reason for the lateness.
- The detriment to you if AEMO fails to consider your submission.



AEMO prefers that submissions be forwarded in electronic format (both pdf and Word) as they will be published on the AEMO website. AEMO plans to publish all submissions on its website, so please identify any confidential part of your submission that you do not wish to be published. Respondents should note that if material identified as confidential cannot be shared and validated with other stakeholders, it may be accorded less weight in AEMO's decision-making process than published material.

1.3 AEMO contact for inquiries

For all queries on the Structure of Participant Fees in the Electricity FRC review, please contact Mr Jack Fitcher, Chief Financial Officer on (03) 9609 8506 or jack.fitcher@aemo.com.au.



2. EXECUTIVE SUMMARY

2.1 Purpose of the Consultation

AEMO is conducting a second stage consultation on the structure of Participant fees for the Electricity Full Retail Competition (FRC) functions, under the trigger clause included in AEMO's Final Determination on the Structure of Participant Fees in AEMO's Electricity Markets¹ published on 17 March 2016.

The trigger clause was included to consider the impact associated with the Power of Choice (PoC) Projects on the Electricity FRC fee structure.

AEMO now considers it appropriate to review the structure of the Electricity FRC fees and provide an opportunity for stakeholders to provide input.

AEMO issued a notice of the first stage of consultation and initial consultation paper on 3 November 2016, asking for comments on the following areas:

- Whether FRC Electricity fees should continue to be charged to only Market Customers or whether other registered market participants should also be charged.
- Whether the intended change to Electricity FRC fees from 1 July 2019 on a connection point basis is appropriate or whether an alternative option is preferred.
- Whether a staged implementation is required for any proposed changes.
- Whether there were any other issues respondents wished to raise.

AEMO received 13 submissions from Participants and interested parties in the first stage of consultation. Twelve of the 13 responses considered levying 100% of fees to Market Customers (Retailers) as the most appropriate approach for charging Electricity FRC market fees.

2.2 A summary of AEMO's Draft Position

AEMO has considered the issues raised in the first stage submissions and has now produced a draft position and report on each area.

FRC Electricity Charge fee payments

In relation to the issue of which Registered Participants should pay Electricity FRC market fees:

AEMO's Draft Position is that Electricity FRC market fees continue to be levied 100% on Market Customers with a retail licence.

This is consistent with Option 1 of the first stage Consultation Paper. Reasons for this position include:

- Support by 12 of the 13 responses received.
- Is reflective of the NER guiding principles of involvement, as retailers are directly involved in executing AEMO's services and are also beneficiaries. It also reflects the simplicity principle embodied in the National Electricity Law (NEL) and National Electricity Rules (NER).
- A change to the structure of the fees is not warranted at this time as AEMO has not previously charged Distribution Network Service Providers (DNSPs) who have previously performed a similar function to the Metering Coordinator role.

¹ AEMO's Determination on the Structure of Participant Fees in AEMO's Electricity Markets
http://www.aemo.com.au/-/media/Files/Stakeholder_Consultation/Consultations/Electricity_Consultations/Structure-of-Fees/Final-Report--Structure-of-Participant-Fees-in-AEMOS-Electricity-Markets-2016-170316.pdf



The basis for charging FRC market fees

In relation to the basis on which the Electricity FRC market fees are charged:

AEMO's Draft Position is that the Electricity FRC fee structure basis published in AEMO's Final Electricity Fee Structure Report published on 17 March 2016 is maintained, with Market Customers (Retailers) charged on a fee per connection point basis from 1 July 2019.

Reasons for this position include:

- There were no compelling reasons provided in responses to the first stage Consultation Paper to suggest a change was warranted to the basis on which Electricity FRC fees are charged.
- AEMO considers this basis of recovery better reflects this function's purpose to the industry and consumers, as opposed to the current MWh consumption basis of recovery.
- This basis of recovery is aligned with the basis of recovery in the Gas FRC markets.

FRC Fee Structure move: implementation date change

In relation to whether a staged implementation for a change to the basis of how Electricity FRC market fees are charged is needed:

AEMO's Draft Position is that the implementation date for the Electricity FRC Fee Structure to move to a connection point basis of charging should remain at 1 July 2019 as published in AEMO's Determination of 17 March 2016.

Reasons for this position include:

- Although three respondents were in favour of a staged approach, most were not in favour due to the level of change happening with the Power of Choice (PoC) reforms.
- That Market Participants have committed significant resources to meeting the PoC reform requirements by 1 December 2017. Bringing the implementation date forward may have a substantial impact on budgets and resources if participants are required to make further changes to systems at a similar time.

Other comments / issues raised

In relation to other comments and issues raised in Participant submissions, AGL commented on Non Registered Participants who are transacting via AEMO's Market Systems. AEMO has provided commentary on this further in this Draft Report and Determination.

AEMO would welcome comments from participants on setting a trigger level for reviewing a transaction fee, as a percentage of transactions (potentially 25%?) in submission on this report.

Due to the low level of transactions currently taking place, AEMO did not consider it appropriate to levy a transaction fee, reflective of the value of using the system at this time.

Submissions on this current draft position and report are not restricted to the areas already covered in this document, and comments are welcome on any relevant issue.



2.3 Next Steps in this Consultation Process

This is the second stage of consultation on the Structure of Participant Fees in AEMO's Electricity FRC market.

We invite you to provide submissions in response to the second stage draft report and determination by 5.00pm AEDT on 10 March 2017.

Following receipt of second stage submissions, AEMO will prepare and publish a Final Report and Determination that will be published by 27 April 2017.



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3. SUBMISSIONS RECEIVED IN FIRST STAGE OF CONSULTATION

This is the second stage of consultation. AEMO received thirteen submissions in the first stage of consultation. These respondents were:

- Active Stream
- AGL
- Ausgrid
- Ausnet
- Endeavour Energy
- Energex
- Energy Networks Australia
- Ergon Energy
- ERM Power
- Origin Energy
- SA Power Networks
- TasNetworks
- United Energy

AEMO thanks all stakeholders for their time and effort in preparing submissions in response to the first Consultation Paper.

All submissions were considered in drafting the proposed structure of participant fees in AEMO's electricity full retail competition market and these views are presented with AEMO's responses in section 4.

One participant meeting was held (with Origin) following the submission date for the first round consultation. This meeting discussed the participant's differing views on Electricity FRC fee allocation methodologies as expressed in their submission, and considered if further workshop or forum meetings would be warranted.

Following the meeting with Origin, it was considered that no further consultation on the issue was required, as alternate fee methodologies had already been discussed in detail during the previous fee review consultation.



4. PROPOSED STRUCTURE OF PARTICIPANTS FEES IN AEMO'S ELECTRICITY FRC MARKET

AEMO is conducting this second stage consultation on the structure of Participant fees for the Electricity Full Retail Competition (FRC) functions as a result of the trigger clause incorporated in AEMO's Final Determination on the Structure of Participant Fees in AEMO's Electricity Markets published on 17 March 2016.

The trigger clause incorporated in the Final Determination allowed for a separate consultation to be conducted at AEMO's discretion for the Electricity FRC fee structure. This is to consider the impacts associated with the Power of Choice Program, hence this second stage consultation.

The impacts of the Power of Choice reforms were previously outlined in the original consultation paper published on 3 November 2016 which can be viewed on AEMO's website by clicking on the link below:

Link: <http://www.aemo.com.au/Stakeholder-Consultation/Consultations/Structure-Of-Participant-Fees-In-AEMOs-Electricity-Full-Retail-Competition-Market>

4.1 Guiding principles to electricity fee structure

In determining Participant fee structure, AEMO must have regard to the National Electricity Objectives (NEO). In addition, the NEL and NER detail principles that need to be considered when determining Participant fee structure including:

- The fee structure should be simple.
- 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.
- Fees and charges are to be determined on a non-profit basis that provides for full cost recovery.
- The structure of the Participant fees should provide for the recovery of AEMO's budgeted revenue requirements on a specified basis.

These principles can be found in NER clause 2.11.1.

Please note that these principles may often compete; for example, a strong cost-reflective (user pays) structure is unlikely to be simple. Neither the NEL, nor the NER, expressly indicates that any one or more of these principles should have greater weight than the others and where there are competing principles, AEMO is permitted by the language of the NER, to adopt a structure that is not equally consistent with each of these principles.

When presenting preferred structures, respondents are encouraged to identify any competing principles applicable to the preferred structure and, where possible, describe how these principles should be approached having regard to the NEO.

4.2 Which Registered Participants should pay Electricity FRC market fees?

4.2.1 Consultation Questions Summary

In the Consultation paper, AEMO provided three options for stakeholder comments, while also providing the opportunity for stakeholders to propose other options. The questions to stakeholders for comment were:

1. AEMO welcomes your comments on Options 1 to 3.
2. AEMO welcomes an alternative option including alignment to the guiding principles in the NER and NEO.

Each option (options 1 to 3) is outlined in the table below with links to the Rules guiding principles.

Table 1 - Electricity FRC options for charging market fees

	Advantages	Disadvantages
Option 1 – Continue to levy 100% of fees on Market Customers (Retailers)	<ul style="list-style-type: none"> • Clear and simple structure that is not inconsistent with the “reflective of involvement” principle, as retailers are the key beneficiaries of the FRC services and are heavily involved in the process. • Simple for retailers to on-charge end consumers (per connection point) at an average rate of \$1 per connection point per annum. • Simple for AEMO systems to administer charges for retailers. • Consistent with decision of not charging DNSPs for metering coordinator equivalent involvement. 	<ul style="list-style-type: none"> • Not fully reflective of involvement as DNSPs and Metering Coordinators are participants involved in and interacting with AEMO to deliver FRC services.
Option 2 – Levy a fee on Metering Coordinators*	<ul style="list-style-type: none"> • Reflective of involvement in B2B data and IT platforms and procedure changes. 	<ul style="list-style-type: none"> • Less simple than the current structure. • It is not possible to capture other users of the FRC Electricity Service that are not registered participants i.e. B2B accredited party, or the Embedded Network Manager.
Option 3 – Levy a fee on Distributed Network Service Providers (DNSP)^	<ul style="list-style-type: none"> • Reflective of involvement. 	<ul style="list-style-type: none"> • Inconsistent with the simplicity principle as determining a percentage cost allocation for DNSPs will be difficult. • Greater complexity to administer in AEMO's systems. • The DNSPs may pass this cost onto Retailers, with the same effect as AEMO charging Retailers directly. • It is not possible to capture other users of the FRC Electricity service that are not registered participants i.e. B2B accredited party, or the Embedded Network Manager.

*As a result of the Power of Choice (PoC) reforms, the Metering Coordinator will be involved in the B2B data and IT platform of the FRC Electricity function. The Metering Coordinator will not be involved in other Electricity FRC services such as metering and settlements or customer transfers.

^DNSPs regularly interact with AEMO. In the current determination, neither DNSPs nor Transmission Network Service Providers (TNSPs) are charged fees, despite being involved in AEMO's services. DNSPs and TNSPs also provide services to AEMO that contribute to AEMO's ability to manage power system security and perform AEMO's National Transmission Planner role and other NEM functions, for example, data collection. The result, while more reflective of involvement, would not be simple, and charging DNSPs and TNSPs may result in additional charges being levied on AEMO.

4.2.2 Consultation submissions and key comments

Twelve of the 13 respondents' submissions considered that Option 1 – Continue to Levy 100% of fees on Market Customers (Retailers) – is more appropriate for the levying of Electricity FRC market fees.

- AusNet Services supported Option 1 as the proposed alternatives are no more cost reflective of involvement than charging 100% of fees on Market Customers.
- Ausgrid supported Option 1 as it was most consistent with the NER's guiding principles, as it represents a clear and simple structure that is largely reflective of participants' involvement and is simple for AEMO to administer and simple for retailers to pass through.
- AGL, Energy Networks Australia, TasNetworks, Ergon Energy, ERM Power, Endeavour Energy, and Energex provided responses supporting Option 1, to retain the status quo and continue to levy 100% of fees on Market Participants.
- United Energy also supported Option 1 as there is no compelling need to move away from the current charging arrangements.
- Active Stream also supported Option 1, as this option, as outlined in AEMO's assessment, delivers the simplest form of cost recovery without risking a cost increase to the end consumer of complicating fee collection.
- Origin Energy did not support any of the Options provided in the Consultation Paper. In Origin's response they provided the following comments:
 - i) Option 1 as described in the consultation paper does not satisfy the following principles:
 - a. That the components of Participant fees charged to each registered participant should reflect the extent to which AEMO's budgeted revenue requirements involve that registered participant; and
 - b. Participant fees should not unreasonably discriminate against a category or categories of registered participants.
 - ii) Options 2 and 3 also have their advantages and disadvantages.

Origin would encourage AEMO to discuss alternatives with Market Participants to establish practical alternatives that may be available.

A further meeting was held with Origin after the submission closing date to discuss available alternatives. The alternatives discussed related to future fee structures for the Electricity FRC function including the charging of B2B accredited parties or Embedded Network Managers (which is not part of the scope of this consultation). This may be considered in the next review of the Structure of Electricity FRC Market Fees due in 2021 or earlier if required.

The Consultation Paper also called for alternative options that would align to the guiding principles in the NER and the NEO; no alternative options were provided within the scope of this consultation.

AGL believes that the connection point recovery is the most appropriate approach as it better reflects the flow of FRC benefits of competition, which was considered in AEMO's Determination on the Structure of AEMO's Electricity Market fees published in March 2016.

4.2.3 Consultation submissions and key comments – Options 2 and 3

A number of participant submissions outlined concerns around the proposed Options 2 and 3 which included the following:

- Concerns that additional administration charges would eventually be passed through to end user customers in increases to charges by distributors, and that these increases would not satisfy the NEO or provide any net benefit.



- That both options 2 or 3 may create barriers to entry and would not represent a participant's involvement, particularly for those DSNPs who may take on the Market Coordinator role through transition only.
- Are less simple and can create complexities in billing systems for retailers which would be passed on to upstream participants.
- Initial and ongoing audits of National Metering Identifier (NMI) activities would be required to ensure that participants are not funding inactive or duplicate connection points.

These issues have been taken into consideration by AEMO in the preparation of the draft position in this report.

4.2.4 AEMO's Considerations

The NER guiding principles supported AEMO's decision to levy Market Customers with a retail licence in the March 2016 Final Determination. This was reflective of the involvement principle as retailers are directly involved in AEMO's execution of the services and retailers are also the beneficiaries of AEMO's services and the simplicity principle.

The feedback from Participants in the first stage consultation was heavily weighted towards Option 1, and after a further meeting with Origin, AEMO confirmed that all participants are in support of Option 1, that Electricity FRC Fees continue to be levied 100% on Market Customers with a retail licence.

As a result of the Power of Choice reforms and the creation of a new type of registered participant, the Metering Coordinator, a change to the fees structure is not warranted at this time as AEMO has not charged DSNPs before who have previously performed a similar function to the Metering Coordinator role.

No other options (to Options 1 to 3) were provided in any submission received from stakeholders.

4.2.5 Draft Position

AEMO proposes that Electricity FRC Market Fees continue to be levied 100% on Market Customers with a retail licence – Option 1 in the Consultation Paper.

4.3 Basis of Electricity FRC fees to be charged

4.3.1 Consultation Question Summary

AEMO sought comment from Market Participants on the basis of the charging of Electricity FEC fees. The question to stakeholders for comment was:

3. In AEMO's Final Electricity Fee Structure Report published on 17 March 2016, it was concluded the electricity FRC fee structure basis for charging Market Customers (Retailers) from 1 July 2019 is a fee collected on a per connect point basis, Given this was the determination published in March 2016, since then, is there a compelling reason not to proceed with this change?

AEMO has several functions relating to the facilitation of retail market competition (customer choice).

These broad services include:

Table 2 - AEMOs services for the Electricity FRC function

Electricity FRC services	Inclusions	AEMO costs
(1) Managing data for settlement purposes	Supporting metering functions; managing large volumes of metering data to ensure energy usage is properly measured, reconciled and allocated to the appropriate parties; and managing transfers of financial responsibilities between retailers, predominately to support market settlement.	People, processes and IT systems
(2) Support from retail market functions and customer transfers	Providing the ability for customers to choose or change their retailer, facilitate large volumes of customer transfers between retailers and the provision of service point identifiers to support a range of functions including discovery facility.	
(3) Business to business processes	AEMO provides the platform to facilitate business to business communication between market participants (predominately retailers), distributors, and other service providers in delivering contestable services to customers.	
(4) Market Procedures changes and project implementation	AEMO is responsible for development and consultation of procedures changes, and implementation of market changes arising from reviews and rules. AEMO runs a number of forums to support these functions.	

4.3.2 Consultation submissions and key comments

Six of the seven respondents providing comments on whether compelling reasons existed not to proceed with the changes outlined in the March 2016 Fee Determination, did not see any reasons why the changes should not proceed.

- AusNet Services agreed with the approach in the March 2016 Determination as this aligns with the equivalent fees in the gas market.
- SA Power Networks did not consider that there was any compelling reason to change AEMO's current FRC fee structure where only Market Customers (Retailers) are charged.
- TasNetworks was also supportive of the fees structure being linked to the number of connections in their submission.
- ERM Power, in their submission, strongly supported AEMO's original decision made in March 2016 to levy participant fees on a per connection point basis. ERM Power encouraged AEMO to proceed with the original decision to levy Participant fees on a per connection basis.
- Endeavour Energy also supported the charging on a connection point basis as this better apportions the cost of AEMO's electricity FRC services to the users of the services.
- Active Stream also supported AEMO's view that charging Participant fees on a connection point basis better reflects the intent of the AEMC's Power of Choice policy and AEMO's FRC capability.
- Origin's submission stated that there was an opportunity to examine alternative fee structures to collection on a per NMI or connection point basis. Origin said there were possibly other cost recovery models that better reflect AEMO's guiding principles.

A further meeting was held with Origin following the closing date for submissions to discuss alternative fee structures. Origin's view was that the per connection point basis was reasonable at this time, however alternatives should be considered in the next fee structure review, due in 2021 or earlier if required. AEMO's current view is that based on system capability and in meeting the objectives of the

NER and NEO, that the per connection point basis is the most relevant basis in meeting these objectives.

4.3.3 AEMO's Considerations

For AEMO to deliver the four broad Electricity FRC services described in the table, it recognises that people, processes and the IT System underpin the allocation of costs incurred to provide these services.

AEMO's investment in people and processes to provide IT capability is related to the number of connection points that the business is responsible for, or in a sense, the retailer's "market share" of this capability at any point in time.

AEMO considers this retailer "market share" basis of recovery better reflects this function's purpose to the industry and consumers, as opposed to the current MWh consumption basis of recovery. This is because AEMO's FRC capability is built to handle a total number of individual meters and the actual energies flowing through them is incidental.

AEMO also considered the fee structure in the gas markets operated by AEMO and notes that this retailer "market share" basis of recovery is aligned with the basis of recovery in the gas FRC markets. This basis of recovery is also aligned with the basis of the recovery of Energy Consumers Australia's electricity function costs that benefit small electricity customers.

4.3.4 Draft Position

As there were no compelling reasons provided in submission responses from stakeholders:

AEMO proposes that the FRC Electricity fee structure basis published in AEMO's Final Electricity Fee Structure Report published on 17 March 2016 is maintained, with Market Customers (Retailers) charged on a fee per connection point basis from 1 July 2019.

4.4 A Staged Implementation of the Electricity FRC Fee Structure

4.4.1 Consultation Question Summary

AEMO sought comment from Market Participants on a Staged Implementation of the Electricity FRC Fee Structure. The questions to stakeholders for comments were:

4. AEMO welcomes your comments on the staged implementation if an alternative option is proposed or if not, whether the implementation date for the connection point basis of charging should remain at 1 July 2019 or earlier?
5. Whether an acceleration of the change to connection point charging on 1 July 2018 would create implementation challenges for your business.

4.4.2 Consultation submissions and key comments

Three of the eight participant submissions, that provided responses to the issues of a staged implementation, supported this approach.

- AGL, Active Stream and ERM Power supported bringing the date forward for introducing a connection point basis of charging from the current 1 July 2019 date.
- AGL commented that it believed aligning implementation of the connection point basis with the commencement of metering competition, being 1 December 2017, would seem a reasonable alternative, with Active Stream also supporting this date. Active Stream considers that it would

be more appropriate to commence this collection methodology on 1 December 2017 to align with the commencement of PoC Reforms.

- ERM Power commented in their submission that they 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.

Most responses did not support the staged implementation approach and the bringing forward of the connection point basis start date for the following reasons:

- AusNet Services and United Energy would not support earlier implementation if fees are charged to other categories of registered participants who may need time to amend systems and contracts.
- TasNetworks did not advocate bringing the date forward from 1 July 2019 given the level of change happening from the Power of Choice reforms.
- Origin believes that any alternative to the current \$/MWh mechanism of Electricity FRC cost recovery should not be implemented before 1 July 2019, as market participants have committed significant resources to implementing PoC reforms in preparation for the commencement of the new metering competition on 1 December 2017.
- In relation to the impact on business activities, if the date was to accelerate to 1 July 2018, AGL suggested that AEMO should provide notification as early as possible to market participants of any change. This is to ensure participants can appropriately capture fee changes in their PoC system changes and budgets.

4.4.3 AEMO's Considerations

In considering a Draft position in response to the staged approach of the introduction of the Connection Point basis for charging, or any other proposed alternative, AEMO took into consideration the comments of stakeholders and the current market environments.

Although three participants favoured a staged approach or were in favour of bringing the commencement date forward, the resource impact of implementing the changes required to IT systems and the associated flow on impacts may be difficult to achieve at the same time as the implementation of the Power of Choice reforms.

There is also a strong likelihood that the resources working on PoC reforms would be the same required to make the necessary changes for the connection point basis of fee charging.

If the implementation of the Connection Point basis of charging was brought forward to either December 2017 or 1 July 2018, (as raised in the stakeholder responses) this may cause issues for some participants in meeting both timeframes.

4.4.4 Draft Position

AEMO proposes that the implementation date for the Electricity FRC Fee Structure to move to a connection point basis of charging should remain at 1 July 2019 as outlined in AEMO's Determination of March 2016.



4.5 Other Comments and Issues Raised in Participants Submissions

4.5.1 Consultation Question Summary

AEMO sought comment from Market Participants on any other issues related to the structure of Participant fees in AEMO's Electricity FRC market. The question to stakeholders for comment was:

6. We welcome your comments on any other issues relation to the structure of Participant fees in AEMO's Electricity FRC market.

4.5.2 Consultation submissions and key comments – Non Registered Participants

A further issue was raised through AGL's submission in relation to Non Registered Participants. Of those respondents that commented, AGL acknowledged the introduction of the accreditation fee for Embedded Network Managers and B2B e-hub participants on a cost recovery basis. AGL also recommended that where an accredited user, who is not providing direct services in the NEM, transacts via AEMO's market systems, accredited parties should be charged a transaction fee that represents the value of using the system.

Origin commented that they would encourage AEMO to consider the benefits of sending price signals to all registered participants to encourage efficient development and use of AEMO's FRC-related Services.

4.5.3 AEMO's Considerations

The charging of transaction fees for Non Registered Participants was originally considered to be outside of the scope of this consultation.

New Rule 2.11.1A, which was part of the B2B rule change, states that B2B participants are considered registered participants for the purpose of rule 2.11 on Participant fees.

In relation to the application of rule 2.11 only, Third Party B2B Participants (other than Third Party B2B Participants who are also Embedded Network Managers) who are not otherwise Registered Participants, are deemed to be Registered Participants.

Third Party B2B Participants are considered to be a B2B e-Hub Participant who is not also a Distribution Network Service Provider, Retailer, Local Retailer, Metering Coordinator, Metering Provider or Metering Data Provider.

Limited information is available regarding third-party use of AEMO's market systems by such participants. However, AEMO does acknowledge that third-party use of market systems may increase over time and there may be a rationale for moving to a user pays approach in the future.

At this time, the level of transactions in question is considered to be low.

4.5.4 Draft position

As part of the Second Stage Consultation, AEMO welcomes comments from participants on setting a trigger level for reviewing a transaction fee, as a percentage of transactions (initially 25%?), in submissions on this draft report.