

16 March 2018

Ruth Guest  
C/O AEMO  
GPO Box 2008  
Melbourne  
VIC 3001

**RE: PROPOSED PROCEDURE CHANGE IN004-17W**

Dear Ruth,

I refer to proposed procedure change, IN004-17W (“**Rule Change**”) which proposes to add a new clause to Retail Market Procedure (“**RMP**”) 362B of the Australian Energy Market Operator (“**AEMO**”) WA Gas Market Procedures. I understand that this procedure change is in relation to passing-through annual market fees for the Economic Regulatory Authority (“**ERA**”) to market participants by which I refer more specifically to users.

Agora Retail Pty Limited (“**AR**”) is of the opinion that the current proposal to levy the annual fees on each market participant irrespective of the relative market size of the participant puts participants with large market shares at an unfair advantage over market participants with lesser market shares. Consequently, AR supports Origin Energy<sup>1</sup> and AGL’s<sup>2</sup> view that the cost to administer the market mechanism should be allocated proportionately with a charge per MIRN allocated to each market participant. AR notes that the REMCo fees levied prior to the handover to AEMO were made on such a basis and should not present any difficulties in calculation. If AEMO has difficulty in calculating the proportionate costs, it should articulate this to the Rule Change Committee so that the difficulties can be assessed rather than providing opinion, however reasoned.

Moreover, AR is of the view that the annual levy as proposed, though small relative to larger participants, may present or contribute to a quantum of costs which represent a barrier to entry to smaller market participants, particularly if the annual cost is able to be significantly changed with little or no notice.

The issue of equitable allocation can be overcome by apportioning costs per MIRN. Further, this would negate the proposed wording in section 8 of proposed RMP326B by implementing a more equitable basis of allocation.

The issue of an unanticipated step change in ERA costs may be partly mitigated in the manner proposed by AGL<sup>3</sup> with timeframes contemplated by Origin<sup>4</sup>, however, AR would ideally like to see changes in cost “smeared” over time in a manner similar to the “*glide path*” in the AGL<sup>5</sup> response. AR does not agree with the AEMO assessment in item 7 and we are of the view that longer lead or recovery times may not alleviate the problem.

---

<sup>1</sup> Item 1 of Appendix B to the Draft IIR consolidated feedback for IN004/17W (362B Regulator Fees)

<sup>2</sup> Item 9 - *ibid*

<sup>3</sup> Item 7 - *ibid*

<sup>4</sup> Item 10 - *ibid*

<sup>5</sup> Item 18 - *ibid*



AR agree with Synergy's<sup>6</sup> view of cost recovery being unreasonable in certain circumstances. It is not unreasonable that the ERA identify a market participant's non-compliance with the Retail Market Scheme and charge them directly for the non-compliance. Indeed, this may reduce the likelihood of step-changes in charges from time-to-time.

AR agree with Synergy's<sup>7</sup> assessment that the Network Operator, while not a user, is a market participant and should be included despite the cost recovery through haulage or other appropriate regulatory charges.

Regards

Paul Bresloff-Barry  
Business Manager

---

<sup>6</sup> Item 4 - ibid

<sup>7</sup> Item5 - ibid

