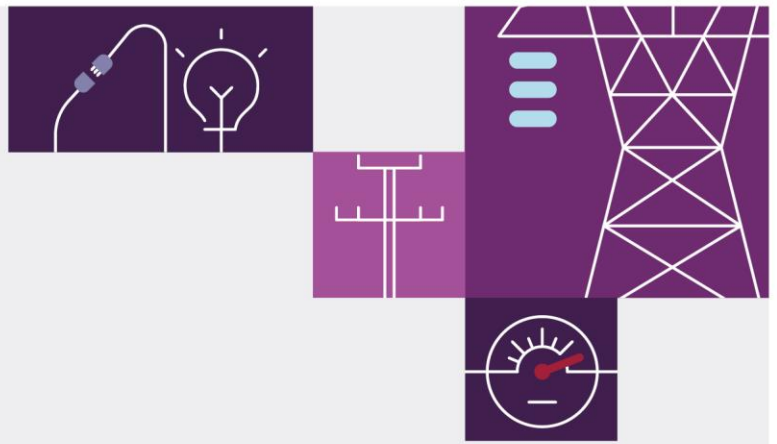


# 2022 WA Financial Report

18 November 2022

Regulatory and financial reporting  
on AEMO's accounts and  
expenditure incurred in performing  
its functions in Western Australia for  
year ended 30 June 2022





# Important notice

## Purpose

AEMO publishes this financial report under clause 2.22A.8 of the Wholesale Electricity Market Rules (**WEM Rules**) and rule 111A(1)(b) of the Gas Services Information Rules (**GSI Rules**).

This document has been prepared in accordance with the regulatory reporting guideline issued by the Economic Regulation Authority under clause 2.22A.9(b) of the WEM Rules and rule 109(7) of the GSI Rules. It shows AEMO's actual financial performance against its budget for the previous Financial Year.

This document includes Attachment 1, which is provided as a separate spreadsheet in Microsoft Excel format.

This document is generally based on information available to AEMO as at 30 June 2022 unless otherwise indicated.

## Disclaimer

This document or the information in it may be subsequently updated or amended. This document does not constitute legal or business advice and should not be relied on as a substitute for obtaining detailed advice about the WEM Rules, the GSI Rules or any other applicable laws, procedures or policies. AEMO has made every effort to ensure the quality of the information in this document but cannot guarantee its accuracy or completeness.

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# 1 Background

AEMO is a not-for-profit organisation with Western Australian (**WA**) functions (relevantly) under the Wholesale Electricity Market Rules (**WEM Rules**) and the Gas Services Information Rules (**GSI Rules**). In summary, AEMO's functions under the WEM Rules include operating the Wholesale Electricity Market (**WEM**) and ensuring the South West Interconnected System (**SWIS**) operates in a secure and reliable manner, and AEMO's functions under the GSI Rules include operating the Gas Bulletin Board and publishing the Gas Statement of Opportunities.

AEMO recovers its costs for performing its Western Australian functions from Market Participants through Market Fees and System Operation Fees (under the WEM Rules) and from Registered Shippers and Registered Production Facility Operators (**Gas Market Participants**) through GSI Fees (under the GSI Rules). The Economic Regulation Authority (**ERA**) is responsible for determining AEMO's Allowable Revenue and Forecast Capital Expenditure for AEMO's Western Australian functions.

The WEM Rules and the GSI Rules<sup>1</sup> require AEMO to publish a financial report by 31 October each year, showing its actual financial performance against its [budget for the previous Financial Year](#). This document relates to the 2021-22 Financial Year (**FY22**).

## 1.1 New AEMO regulatory reporting guideline

On 21 September 2022, the ERA issued the AEMO regulatory reporting guideline (**Guideline**). As stated in the WEM Rules and the GSI Rules, the Guideline contains annual reporting obligations and provides clarity and guidance to AEMO and Market Participants about the scope of reporting and how AEMO should annually report to the ERA and Market Participants, and is aimed at providing transparency and accountability in relation to AEMO's functions and Allowable Revenue and Forecast Capital Expenditure.

Under the Guideline, AEMO's financial report<sup>2</sup> must include the following:

- annual financial statements;
- an annual statement of project expenditure, including the details of the contingency approved for each project and the amount, if any, of the contingency that has been used on that project or released for use on another capital project; and
- accompanying notes on the method of preparation.

The key differences between previous reporting requirements and the Guideline include the level of supporting detail required for project expenditure and the provision of costs specific to AEMO's functions in Western Australia.

As the Guideline became effective on 21 September 2022, AEMO's financial systems were not configured to capture the full range of information required for FY22. In recognition of this, some requirements in the Guideline apply from 31 October 2023. AEMO will implement the necessary changes to its AEMO's financial systems to enable provision of this additional information in future reports.

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<sup>1</sup> Clause 2.22A.8 of the WEM Rules 2.22A.8 and rule 111A(1)(b) of the GSI Rules.

<sup>2</sup> ERA, AEMO Regulatory Reporting Guideline, section 3 at <https://www.erawa.com.au/cproot/22887/2/D251941-AR.6---Final-regulatory-reporting-guideline.pdf>.

## 2 WA Operations financials

AEMO's regulatory financial reports under the WEM Rules and GSI Rules must include the following financial statements in accordance with the relevant Australian Accounting Standards Board (**AASB**) standards and generally accepted accounting principles:

- a statement of profit or loss and other comprehensive income;
- a statement of cash flows;
- a statement of financial position; and
- a statement of changes in equity.

AEMO's regulatory financial reports must also include:

- a statement of project expenditure and contingency; and
- an asset depreciation schedule.

The ERA has provided a reporting guideline template in Microsoft Excel format, which AEMO must use to present the information required in the Guideline. The template includes detailed expenditure for projects with a total cost greater than \$500,000, which is a new reporting requirement for AEMO.

AEMO has provided copies of key financial tables below. All tables have been published within the template, which is provided as Appendix 1 to this document, and is available on AEMO's website<sup>3</sup>.

### 2.1 Statement of profit and loss and comprehensive income

#### Western Australian Operations

The financial performance of AEMO's Western Australian Operations is summarised in Table 1 below. AEMO's Western Australian functions realised a lower than budget operating deficit in FY22. An annual deficit was planned as part of reducing the \$8 million accumulated surplus that existed at the end of FY21. The lower than budget operating deficit was a result of increased revenue partly offset by higher than budget expenditure.

**Table 1 Operational expenditure – Western Australian Operations statement of profit and loss and comprehensive income**

WA Operations P&L and CI	Reporting year actuals: 2021/22 ('000)			Comparison budget: 2021/22 ('000)		
	WEM	GSI	WA Operations	WEM	GSI	WA Operations
<b>Revenue</b>	32,738	1,753	34,491	30,831	1,752	32,583
<b>Labour</b>	21,431	949	22,379	18,887	1,354	20,241
<b>Operating expenditure</b>	15,012	375	15,387	16,713	454	17,167
<b>Total expenditure</b>	36,443	1,324	37,767	35,600	1,808	37,408

<sup>3</sup> At <https://aemo.com.au/en/energy-systems/electricity/wholesale-electricity-market-wem/participate-in-the-market/fees-and-charges>.

WA Operations P&L and CI	Reporting year actuals: 2021/22 ('000)			Comparison budget: 2021/22 ('000)		
	WEM	GSI	WA Operations	WEM	GSI	WA Operations
<b>Surplus/(deficit) for the year</b>	(3,705)	429	(3,276)	(4,769)	(55)	(4,825)

## Wholesale Electricity Market

AEMO's operations in the WEM achieved a deficit \$1.1 million less than the budget during the financial year. This is primarily due to the uplift in revenue from higher than budgeted consumption throughout the FY22 year. Labour and accommodation costs have exceeded the budgeted spend and this has been partially offset by underspend in all other variable costs.

Revenue is predominantly from WEM and GSI market fees, which were 6% higher relative to budget due to increased electricity consumption in the WEM in FY22. Weather events were the primary driver of increased electricity consumption. Cooler than average temperatures in October 2021 increased heating load and a heatwave in December 2021 contributed to an overall increase in demand<sup>4</sup>. During January and February 2022, there was a 5.9% increase in operational demand compared to the same time in 2021, due to extended high temperatures<sup>5</sup>.

Expenses incurred to fulfill AEMO obligations include activities to ensure the safe and secure system operation, registration of new participants, provision of adequate reserve capacity, provision of information to the market and community and recovery of the costs of past investments in market systems. Total expenses were 1% above budget reflecting higher labour expenses partly off-set by savings in other areas.

Operational labour spend has been impacted by various factors during FY22, including additional overtime incurred by controllers to meet the elevated levels of COVID-19 protocols (early FY22), and additional time spent on training for controllers post implementation of the e-terra system to bring it to operational readiness. In addition, unbudgeted labour spends were incurred due to various non-forecasted activities undertaken during the period. This included preparation of the Fast Frequency Response report analysis and tender support process, as well as the Prudential Requirements WEM Procedure review.

The increase in accommodation expenses is largely the result of an amendment to AEMO's capitalisation policy. Capitalising of accommodation costs for capex projects ceased after the finalisation of FY22 budget, resulting in additional accommodation expenses which were originally assumed to be capital cost.

However, these expenditure increases have been partly offset by reduced spending in other activities where feasible. AEMO implemented cost saving initiatives during second half of the financial year to offset higher expenditure. This included IT savings measures achieved through improvements to AEMO's procurement strategy.

<sup>4</sup> See Quarterly Energy Dynamics Q4 2021 at <https://aemo.com.au/-/media/files/major-publications/qed/2021/q4-report.pdf?la=en>.

<sup>5</sup> See Quarterly Energy Dynamics Q1 2022 at <https://aemo.com.au/-/media/files/major-publications/qed/2022/qed-q1-report.pdf?la=en>.

**Table 2 Operational expenditure – WEM statement of profit and loss and comprehensive income – (ERA Reference Table 16)**

P&L and CI 2021/22  Wholesale Electricity Market	Reporting year actuals (\$'000)		Comparison budget (\$'000)	
	Total operational expenditure	Total operational expenditure	Variance against the Budget	% Deviation
<b>Revenue</b>				
Electricity market fees	32,730	30,831	1,899	6%
Other revenue	8	-	-	-
<b>Total revenue</b>	<b>32,738</b>	<b>30,831</b>		<b>6%</b>
<b>Expenses</b>				
<b>Labour</b>	21,431	18,887	2,543	13%
Internal labour	20,290	17,762	2,528	14%
External contractors	70	100	(30)	(30%)
Consultants	1,071	1,026	45	4%
<b>Training</b>	33	594	(561)	(94%)
<b>Accommodation</b>	609	492	118	24%
<b>Depreciation and amortisation</b>	11,941	12,098	(157)	(1%)
<b>Finance costs</b>	7	10	(3)	(29%)
<b>IT and Telecommunications</b>	1,064	1,723	(658)	(38%)
Cloud and distributed computing costs	-	57	(57)	(100%)
Software	1,039	1,404	(366)	(26%)
Computer hardware	26	148	(122)	(83%)
Other IT	-	113	(113)	(100%)
Other expenditure	1,358	1,797	(439)	(24%)
<b>Total expenditure</b>	<b>36,443</b>	<b>35,600</b>	<b>843</b>	<b>2%</b>
<b>Surplus (deficit) for the year</b>	<b>(3,705)</b>	<b>(4,769)</b>	<b>1,064</b>	<b>(22%)</b>
<b>Market Fees</b>				
<b>Fees collected on behalf of other entities</b>	9,864	9,303	561	6%
EPWA Coordinator fees	2,740	2,570	170	7%
ERA Regulator fees	7,124	6,733	391	6%

## Gas Services Information

The GSI function has completed the year with a surplus compared to the deficit that was budgeted for the year. While the revenue remained in line with the budget, there were savings achieved in almost all the variable costs lines which has resulted in underspend against the budget and further increased the surplus balance. The savings in labour and consulting have been achieved primarily as a result of cost saving initiatives that AEMO implemented during the second half of the financial year.

**Table 3 Operational expenditure – GSI statement of profit and loss and comprehensive income – (ERA Reference Table 17)**

P&L and CI 2021/22  Gas Services Information	Reporting year actuals (\$'000)		Comparison budget (\$'000)		
	Total operational expenditure	Total operational expenditure	Variance against the Budget	% Deviation	
<b>Revenue</b>					
GSI fees	1,752	1,752	-	0%	
Other revenue	1	-	1	-	
<b>Total revenue</b>	<b>1,753</b>	<b>1,752</b>	<b>1</b>	<b>0%</b>	
<b>Expenses</b>					
<b>Labour</b>	949	1,354	(405)	(30%)	
Internal labour	874	1,159	(286)	(25%)	
External contractors	0	-	0	-	
Consultants	75	194	(120)	(62%)	
<b>Training</b>	1	8	(7)	(92%)	
<b>Accommodation</b>	23	30	(7)	(23%)	
<b>Depreciation and amortisation</b>	167	185	(17)	(9%)	
<b>Finance costs</b>	-	-	-	-	
<b>IT and Telecommunications</b>	33	62	(29)	(47%)	
Cloud and distributed computing costs	26	3	23	821%	
Software	6	51	(45)	(88%)	
Computer hardware	-	3	(3)	(100%)	
Other IT	1	5	(4)	(88%)	
Other expenditure	152	170	(18)	(11%)	
<b>Total expenditure</b>	<b>1,324</b>	<b>1,808</b>	<b>(484)</b>	<b>(27%)</b>	
<b>Surplus (deficit) for the year</b>	<b>429</b>	<b>(55)</b>	<b>484</b>	<b>(876%)</b>	
<b>Market Fees</b>					
<b>Fees collected on behalf of other entities</b>	235	235	-	0%	
EPWA Coordinator fees	160	160	-	0%	
ERA Regulator fees	75	75	-	0%	



## 2.2 Statement of cash flows

As noted in the Guideline<sup>6</sup>, AEMO is not required to provide this information for FY22. AEMO is currently in the process of implementing new finance and project management systems. On the commencement of these new systems, AEMO will provide the statement of cashflow for the Western Australian operations in future reports.

## 2.3 Statement of financial position

AEMO is also not required to provide this for FY22 as per the Guideline<sup>7</sup>. Upon commencement of the new finance and project management systems, AEMO will provide the statement of financial position in future reports.

## 2.4 Statement of changes in equity (WA Operations)

As a not-for-profit entity, AEMO seeks to ensure fees, tariffs and other charges are set, such that sufficient revenue is generated to recover the full operating expenditure (including Depreciation and Amortisation and Finance costs). AEMO will apply an adjustment in the following year's budget if it has an accumulated surplus during the recovery process<sup>8</sup>.

At the beginning of FY22, the WEM and GSI had a total of \$7.9 million in surplus. Therefore, fees have been set up to under-recover the costs during the financial year as part of repaying the surplus.

Despite this, GSI has accumulated further surplus due to lesser than budgeted spend during the year while WEM has a deficit of \$3.7 million, closing the year with a total net surplus of \$4.6 million

**Table 4 Statement of changes in equity**

Statement of changes in equity	Actuals (\$'000)
Opening Surplus/(Deficit) as at 1 July 2021	7,921
Net operating Surplus/(Deficit)	(3,276)
Total comprehensive Surplus/(Deficit) 30 June 2022	4,645

## 2.5 Statement of project expenditure and contingency (WA Operations)

An overview of the relevant projects for the WEM during the FY22 program is shown in Table 5 below. This includes projects for Distributed Energy Resources and WEM Reform. During the period AEMO did not undertake any non-capitalised projects.

<sup>6</sup> ERA, AEMO Regulatory Reporting Guideline, section 3 at <https://www.erawa.com.au/cproot/22887/2/D251941-AR.6---Final-regulatory-reporting-guideline.pdf>.

<sup>7</sup> ERA, AEMO Regulatory Reporting Guideline, section 3 at <https://www.erawa.com.au/cproot/22887/2/D251941-AR.6---Final-regulatory-reporting-guideline.pdf>.

<sup>8</sup> Clause 2.22A.11 of the WEM Rules

**Table 5 Statement of project expenditure and contingency**

Statement of project expenditure and contingency (\$000's)	WEM	GSI	Total
Capitalised projects with expenditure >\$0.5 million	27,083	-	27,083
Capitalised projects with expenditure <\$0.5 million	82	-	82
Contingency Budget	16,429	-	16,429
Contingency expenditure	6,828	-	6,828
Remaining contingency budget	9,601	-	9,601

During FY22, AEMO undertook significant activity aligned with its WA functions. Key deliverables within AEMO's WEM Reform program included the completion of the foundational design elements, generator performance standards, constraints management, the first release of the real-time market submission and outage management systems, and enhancements to the Reserve Capacity Mechanism required to support the new market. AEMO also delivered major components of Project Symphony, the DER orchestration pilot in the SWIS.

Delivery of the WEM Reform Program continues to prove challenging due to:

- the unavailability of ready-made solutions to buy or adapt for the majority of the requirements, leading to the need to design and build new systems in addition to making extensive modifications to existing systems;
- higher than expected input cost inflation requiring the use of program contingency (e.g. increasing costs such as labour, services, infrastructure, and borrowing); and
- the overall scale and complexity of the undertaking, requiring significant capability/capacity uplifts during a period of high competition for skilled resources in a tight labour market.

Whilst AEMO remains confident and committed to meeting the planned dates for market trials and market launch, the financial forecast remains under significant pressure.

**Table 6 WEM capitalised projects with a budget <\$0.5 million (ERA Reference Table 12)**

WEM Capitalised projects with budget <\$0.5 million	Summary totals (\$'000)					
	Growth	Asset replacement and renewal	Improvement in service	Compliance	Corporate	Total
<b>Number of projects</b>	-	-	-	1	2	3
<b>Total project budget</b>	-	-	-	97	400	497
<b>Project expenditure within reporting year</b>						
<b>Total project expenditure</b>	-	-	-	33	49	82
<b>Labour</b>	-	-	-	33	8	41
Internal labour	-	-	-	33	8	41
External contractors	-	-	-	-	-	-
Consultants	-	-	-	-	-	-
<b>Training</b>	-	-	-	-	-	-
<b>IT and Telecommunications</b>	-	-	-	-	41	41
Cloud and distributed computing costs	-	-	-	-	-	-
Software	-	-	-	-	-	-
Computer hardware	-	-	-	-	-	-

WEM	Summary totals (\$'000)					
Other IT	-	-	-	-	41	41
Other expenditure	-	-	-	-	-	-
<b>Contingency budget</b>	-	-	-	-	-	-
<b>Contingency expenditure during the year</b>	-	-	-	-	-	-

**Table 7 WEM capitalised projects with a budget >\$0.5 million**

WEM Capitalised projects with expenditure >\$0.5m	SUMMARY TOTALS (\$000's)					
	Growth	Asset replacement and renewal	Improvement in service	Compliance	Corporate	Total
<b>Number of projects</b>	-	-	-	24	-	24
<b>Total project budget</b>	-	-	-	97,122	-	97,122
<b>Project expenditure within reporting year</b>	-	-	-	27,083	-	27,083
<b>Labour</b>	-	-	-	25,247	-	25,247
Internal labour	-	-	-	13,442	-	13,442
External contractors	-	-	-	11,805	-	11,805
Consultants	-	-	-	-	-	-
<b>Training</b>	-	-	-	-	-	-
<b>IT and Telecommunications</b>	-	-	-	1,825	-	1,825
Cloud and distributed computing costs	-	-	-	-	-	-
Software	-	-	-	589	-	589
Computer hardware	-	-	-	931	-	931
Other IT	-	-	-	305	-	305
Other expenditure	-	-	-	11	-	11
<b>Contingency budget</b>	-	-	-	16,429	-	16,429
<b>Contingency expenditure</b>	-	-	-	6,828	-	6,828

## Ongoing risks and challenges

AEMO has identified emerging risks arising during the projects.

Accessing skilled labour is a key risk. The labour market has tightened significantly since 2021, and at the same time demand for skilled labour has increased rapidly. Across Australia, there is increased demand for the technical specialists that the WA's energy transition requires, and in WA many technical specialists are also in demand from the resource sector. This increased demand has in turn led to increased labour rates and prices from services providers.

AEMO categorises borrowing costs as including borrowing expenses, foreign exchange gains/losses and bank interest. Economists continue to forecast rising interest rates. Higher interest rates will increase borrowing costs associated with project delivery for AEMO's WEM and GSI activities and this remains a risk due to the current economic climate.

The implementation of the reform program has been made against a backdrop of ongoing challenges posed by the increasing complexity of the power system and the changing energy landscape. AEMO has undertaken an unprecedented level of activity and investment in modernising and developing the IT systems and processes to keep WA's principal power system secure and allow electricity to be traded. Large reform programs are inherently complex, due to the multiple IT systems and processes that need to be changed. Energy market reforms are heavily interrelated and dependant on government, industry stakeholders and other partners. AEMO will continue to work closely with stakeholders to clearly understand the changes required by various reform programs. However, unanticipated complexity may not be uncovered until IT systems are being built and implemented.

AEMO continues to focus on its internal governance processes while ensuring we are appropriately funded to deliver AEMO's market and power system functions under the WEM Rules and the GSI Rules. AEMO will continue to seek opportunities to refine processes and find efficiencies in market and system operations and prioritise essential scope of the projects to mitigate these risks and meet the implementation timeframes for 1 October 2023.

## 2.6 End of year project list – project expenditure

As noted in Section 1.1, detailed project level reporting is a new requirement for AEMO. AEMO has produced this information in accordance with the ERA's template which has been included in A1.

A2 provides an explanation of how AEMO has interpreted the various template headings to assist Market Participants and the ERA with the review of this information.

## 2.7 Asset depreciation schedule

AEMO has projected the future year depreciation using the AR6 approved project amounts, work in progress from the inflight projects & existing assets as of 30 June 22. This is provided in Table 8 below.

Please note that AEMO did not include any additional business as usual capex requirements into the future year depreciation calculations. Business as usual capital requirements vary substantially each year due to transformative nature of the environment. This can depend on what major programs are being delivered during the year and are subject to regulatory approval, therefore AEMO has excluded them in the projections.

**Table 8 Forecast depreciation schedule (ERA Reference Table 20)**

Year	Annual depreciation (\$'000)
2022/23	11,049
2023/24	14,995
2024/25	18,090
2025/26	18,063
2026/27	15,451
2028/29	13,504
2029/30	11,311
2030/31	9,912
2031/32	6,020

# 3 Accompanying notes of preparation

## 3.1 Description of methods used in the preparation of the report

As part of the national organisation, AEMO WA has prepared the WA financial statements based on the AEMO national financial statements. Therefore, any notes included and published in the AEMO national financial statements<sup>9</sup> are applicable to these financial statements.

AEMO has included some notes below relating to the extra information that has been included in the report, such as project expenditure and asset depreciation schedule.

### Basis of preparation

Project information is current as of 30 June 2022. Unlike financial information, project information such as project budget, project contingency, opening and closing percentages are not kept in the current financial system and are not subject to financial audit. To ensure accuracy of this information, AEMO has undertaken internal reviews of the inputs to make sure they have been checked for errors, are consistent with project reporting data and approvals documentation.

### Functional and presentation

Currency items included in this report are measured using the currency of the primary economic environment in which AEMO operates, Australian dollars. All the financial information is presented rounded to the nearest thousand dollars ('000).

### Goods and Services Tax (GST)

Revenues, expenses and assets are the recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.


The accrual basis of accounting has been applied in the preparation of the financial statements whereby assets, liabilities, equity, revenue and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

### Verifiability

AEMO WA has included actuals from the financial system which can be supported through the ledger listing or list of transaction listings.

AEMO tracks project-level information in a combination of corporate systems and documents stored in a control document management system. The Guideline requires AEMO to report on aspects of project execution that were not explicitly captured during FY22. As such, there is the potential for non-material differences between these

<sup>9</sup> See [https://aemo.com.au/-/media/files/about\\_aemo/annual-report/aemo-annual-report-2022.pdf](https://aemo.com.au/-/media/files/about_aemo/annual-report/aemo-annual-report-2022.pdf).



documents. However, as noted in our public submission on the Guideline, AEMO WA has endeavoured to provide accurate information as much as possible.

### Corporate cost allocation

AEMO WA received the corporate cost allocation in the profit and loss statement via Enterprise recoveries line which is part of the 'Other expenditure' line in the profit and loss statement included.

Enterprise cost allocation is based on AEMO's internal corporate cost allocation policy, which has been shared with the ERA during the AR6 submission process.

### Enterprise projects

As noted during AEMO's recent AR6 submission, Digital & Enterprise project cost allocation is on a case-by-case basis depending on the nature of those individual projects.

Significant investment has been made on the cyber program during FY22. This will be allocated to the WA entity during the course of FY23.



# A1. AEMO detailed financial reports

The AEMO Regulatory Reporting Guideline requires AEMO to prepare its detailed financial reports using the Microsoft Excel template provided by the ERA. This is attached as a separate Attachment 1 to this paper and can be found on AEMO's website at <https://aemo.com.au/en/energy-systems/electricity/wholesale-electricity-market-wem/participate-in-the-market/fees-and-charges>.

## A2. Glossary of template project headings

The Appendix 1 ERA template provides for detailed project-level reporting under the worksheet title 'Summary project expenditure'. Table 9 below provides an explanation of how AEMO has interpreted the various template headings.

**Table 9 Glossary of template project heading notes for end of year project reporting**

Guideline term	AEMO explanatory notes
<b>Business Function</b>	Relevant market. e.g. WEM or GSI.
<b>Project title</b>	Title of project.
<b>Capitalisation status</b>	Nature of the project, i.e. capitalised means Capital project & non-capitalised means Opex project, which does not qualify for capitalisation and will be expensed during the reporting period.
<b>Project scope</b>	A short summary of project.
<b>Rationale for any change in project scope*</b>	Where a project scope has changed from that identified under the original scope, a short rationale is provided.
<b>Linkage to AEMO function under WEM/GSI Rules or Objectives*</b>	WEM/GSI Rule references are provided, linking the project to AEMO's function.
<b>Project Number</b>	AEMO reference number.
<b>Total project budget</b>	Total project budget is provided over the life of the project. For the FY22 reporting we have aligned the project budgets to our final AR6 submission.
<b>Expenditure to date (as at 1 July 2021)</b>	The amount of expenditure up until 30 June 2021.
<b>Asset class</b>	Relevant asset category for the project, this categorisation is currently not in use by AEMO. We have manually categorised the projects as required by the guidelines.
<b>Expenditure in reporting year</b>	The amount spent on projects during the financial year.
<b>Labour</b>	Labour costs incurred for both internal labour as well as for external contractors.
<b>Internal labour</b>	Costs incurred for individuals directly engaged by AEMO via an Enterprise Agreement or Common Law Contract, paid via AEMO payroll and have a legal working relationship governed by the Fair Work legislation. This also includes Fixed Term Employees who would fall under the same conditions as described above but only engaged for a fixed term
<b>External contractors</b>	Labour costs resulting from individuals employed and paid via a third party (labour hire agency) through submitting timesheets to the agency. The labour hire agency then invoices AEMO for payment. Individuals are compensated based on time worked. There is no legal employment relationship deemed to be between AEMO and external contractor.
<b>Consultants</b>	Entity engaged through a Master Services Agreement or Consulting Agreement to provide services to AEMO through a Statement of Work. Compensated based on agreed deliverables. Funding approved through Investment Committee. No legal employment relationship with AEMO.
<b>Training</b>	Training costs directly related to the projects.
<b>IT and Telecommunications</b>	Sum of costs relating to IT and Telecommunications.
<b>Cloud and distributed computing costs</b>	Costs primary incurred relating to cloud hosting environment. Please note in many instances this cannot be disaggregated from other IT costs, AEMO is intending to implement the disaggregation in the near future.
<b>Software</b>	Software costs directly attributable to the projects.
<b>Computer hardware</b>	Hardware costs directly attributable to the projects.
<b>Other IT</b>	Any other IT costs which do not fall under any of the above categories.



Guideline term	AEMO explanatory notes
<b>Other expenditure</b>	Expenditure related to the project that is not captured in the above reporting categories.
<b>Opening % complete</b>	Project completion status as at 1 July of the reporting period as a percentage of life of the project.
<b>Closing % complete</b>	Project completion status as at 30 June 2022 of the reporting period as a percentage of life of the project.
<b>Q1 - Q4 Milestones</b>	AEMO has provided the major milestones of the project including procedure and software releases.
<b>Total budgeted contingency</b>	Total budgeted contingency available as at 1 July 2021.
<b>Contingency spent during 2021/22</b>	Amount contingency drawn down during the period between 1 July 2021 to 30 June 2022.
<b>Rationale for any contingency drawdown*</b>	Where contingency has been drawn down during the reporting period, appropriate rationale is provided.
<b>Due to enter service</b>	Expected date for the asset to enter in to service.
<b>Asset life</b>	Useful life of the asset as per the accounting standards.
<b>Notes for Quantitative Report*</b>	Explanatory notes where appropriate to assist with understanding the variances.

\*These are additional items that AEMO has added to the spreadsheet to assist the ERA and Market Participants in their understanding of the quantitative details.