

14 December 2016



positive energy

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

Dear Mr Fitcher

Consultation Paper: Structure of Participant Fees in AEMO's Electricity Full Retail Competition Market

Energex Limited (Energex) appreciates the opportunity to provide a submission on the Australian Energy Market Operator's (AEMO's) consultation on the structure of participant fees in AEMO's electricity full retail competition (FRC) market. Section 3.1 of the consultation paper addresses which registered participants should pay FRC electricity market fees and provides three options for consideration.

Energex strongly opposes option 3 which proposes to expand the existing participant fee structure to include distribution network service providers (DNSPs). Energex notes and agrees with AEMO's observations that there are numerous disadvantages under this option, including that:

- determining an appropriate cost allocation percentage for DNSPs would be difficult and inexact;
- this approach would be more complex to administer in AEMO's systems; and
- costs incurred by DNSPs would likely be passed on to retailers, with the same effect as AEMO charging retailers directly.

Energex also agrees with AEMO's acknowledgement that DNSPs currently provide gratuitous services to AEMO that contribute to its ability to manage the FRC market and that levying a participant fee on DNSPs may result in fees being charged to AEMO for these services.

Energex does not support option 2 which proposes to levy a fee on metering coordinators. In the Australian Energy Market Commission's (AEMC's) final determination on *expanding competition in metering and related services*, transitional arrangements require DNSPs to continue to act as default metering coordinators until such time as another metering coordinator is appointed or these services cease to be classified as direct control services by the AER. Therefore, it is Energex's position that it is not reasonable to impose these fees on DNSPs as default metering coordinators.

In consideration of the above, Energex's preferred option is option 1 which proposes to retain status quo and continue to levy 100% of fees on market customers. As a member of the Energy Networks Australia (ENA), Energex

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supports the ENA's submission which similarly promotes option 1 as the preferred option.

If you require anything further in relation to this submission, please do not hesitate to contact Sarah Luinys, Regulatory Reporting Analyst on (07) 3664 5002.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Leaver', written in a cursive style.

Rachel Leaver
Acting Group Manager Regulation and Pricing