

16 December 2016

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

Dear Jack,

***Structure of Participants Fees in AEMO's Electricity Full Retail Competition (FRC) Market***

I refer to the consultation paper on the matter highlighted above and provide the following comments on the initial consultation.

SA Power Networks does not consider that there is a compelling reason to change AEMO's current FRC fee structure where only Market Customers (Retailers) are charged. There would be additional administration/cost to charge other Participants (eg distributors and metering coordinators) if AEMO were to charge FRC fees to those Participants. In addition, those Participants would also incur additional administration charges to receipt and pay the fees. Eventually those additional administration charges and AEMO FRC Fees would be passed through to end use customers in increases in Distribution Use of System (DUoS) charges by distributors and via Retailers from Metering Coordinators. Distributors are currently not funded to absorb these charges and would not be funded until their next revenue determination, which for SA Power Networks would be 1 July 2020. A change would lead to overall higher prices for end use customers than under the existing FRC fee structure where only Market Customers (Retailers) are charged.

SA Power Networks considers that a change to the existing FRC fee structure by levying other participants would result in a net increase in administration costs, not satisfy the National Electricity Objective and would not satisfy AEMO's principles for the structure of Participant fees as well as the current fee structure.

If you have any queries regarding SA Power Networks' submission, please contact Mr Grant Cox on 08 8404 5012 or [grant.cox@sapowernetworks.com.au](mailto:grant.cox@sapowernetworks.com.au).

Yours sincerely

  
Sean Kelly  
General Manager Corporate Strategy